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MAY, 1943

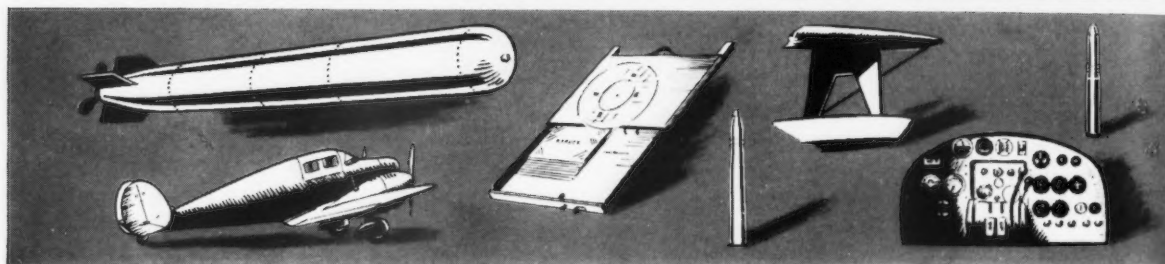
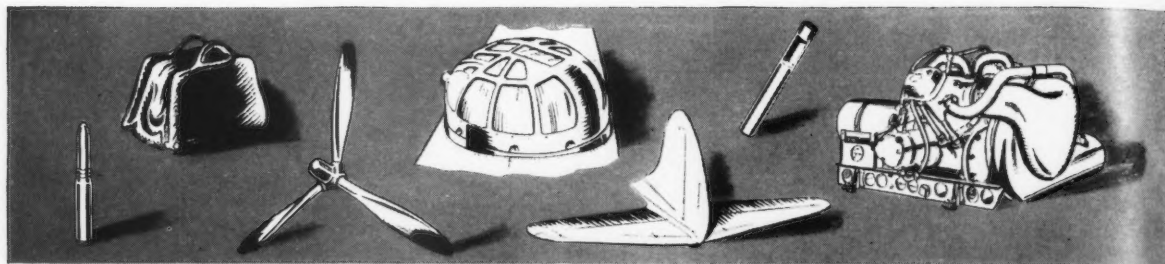
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Teamwork Speeds Production

Months ago, we teamed up with
a 23-state network of 1189 sub-contractors.
The result: mass production . . . months sooner.



● These are not all the war products of Remington Rand and affiliated companies; there are others which we can not picture. But the ones we can show point out a significant fact: the same abilities required to make our extremely diversified lines of office equipment are being devoted today to the production of a wide variety of war materials. And the capacity of our production lines is tremendously increased by the loyal, enthusiastic co-operation of hundreds of sub-contractors scattered throughout the land. This is the picture of America today . . . factories and people everywhere teaming up to bring our men home sooner. **YOU'RE ON THE TEAM, TOO PUT 10% OF EVERY DOLLAR INTO WAR BONDS!**



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Just a Minute



Spring plowing, 1943

"May, with alle thy floures and thy grene,
Wel-come be thou, fair fresshe May."
— The Knightes Tale

And also, May, in this year of war and food economies, deal kindly with our Victory Gardens—and leg muscles!

That Day

LOOKING beyond the Spring, we open the program this month with Roy Foulke's suggestions for the building of post-war reserves that can be used in the interests of reemployment and re-equipment. The suggestions, incidentally, can be used by both banks and their customers.

To us, this looks like a problem that must receive increasing attention. A few banks seem to have tackled it already.

Anyway, Mr. FOULKE has some valuable ideas on the subject.

Powhatan, Virginia

JUST a year ago, you may remember, we published an article by Ex-Marine W. R. PARKER, now executive vice-president and cashier of the Bank of Powhatan, Virginia. It was called "After Three I Made My Calls," and it told

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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The pen is mightier . . .

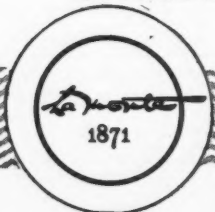
Can it still be true, in this war-torn world, that "*the pen is mightier than the sword*"? » » No less able a soldier than Gen. Douglas MacArthur used *those very words* in a message radioed from the Pacific to America. » » Valiant as our fighting men are — victory depends in a large measure upon *non-military* factors. » » Today wars are won on the draughting table, in the research laboratory, in ship yards, in factories. For war has become a gigantic *business* — the business of getting there *first* with the *most* and the *best* — and all America is involved. » » To assure success on the battlefield, no effort

must be spared on the production front. » » In war, as in peace, payment in over 90% of all business transactions is by check. Lacking a product to safeguard against the fraudulent alteration of checks, this nation's whole business and banking structure would be seriously handicapped. » » During the past 72 years La Monte Safety Paper has become an increasingly potent instrument of law and order. It is everywhere the recognized symbol of safety in check protection. It inspires confidence in the organization which uses it. It serves as a positive warning to the forger and counterfeiter.

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HARRIS & EWING

Spring arrives at the Capital and capitol—with an escort of M.P.s!

the story of Mr. PARKER's very practical public relations-customer relations program—one that includes (at least it did before gas rationing and tire conservation) occasional fishing trips for the customers.

This time Mr. PARKER writes about the war's impact on his small town and on his small bank, which, like countless others, has "real service stripes to show."

"Are we," he asks, "going to get less government competition, more cooperation, sympathetic cooperation, and more humane treatment from those in authority? I believe upon the answer will depend the survival of the country bank."

Ration Banking

It's a lot of extra work, and it's caused considerable confusion, this very serviceable wartime service of the banks—but the wrinkles are being ironed out.

For an up-to-date report on the

smoothing process read "Some Ration Banking Kinks," page 42.

And for news on how banks are handling r.b. from the operations angle, see this month's "Methods and Ideas," page 58. We made a little survey and got some valuable, practical information which we pass along to you.

How Busy Are the Banks?

THAT'S a hard question to answer, but we tackled it in the hope that we could dig up some enlightening data.

We did.

We questioned quite a few banks on the increased activity, during the past year, in their bookkeeping, proof, transit, clearings, paying and receiving, War Bonds and payroll deductions, and safe deposits departments. We also asked about ration banking.

From the extensive replies emerges a picture of banking at its busiest. Reduced to figures, it would seem that the overall expansion has been in the neighborhood of 35 per cent—at least for the banks replying to our questions. Some reported a much larger gain, others a much smaller one; some said that little or no change had occurred, but those, of course, were decidedly in the minority.

Regardless of percentages, a point to bear in mind is that whatever the rise, it comes during a period of low earnings and of a personnel crisis unparalleled, probably, in the history of banking.

Our report on what the banks told us is on page 46.

Savings and War Bonds

As the Second War Bond campaign got under way, someone resurrected the rumor that the Treasury would ask people to deplete their savings accounts in

(CONTINUED ON PAGE 5)

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for
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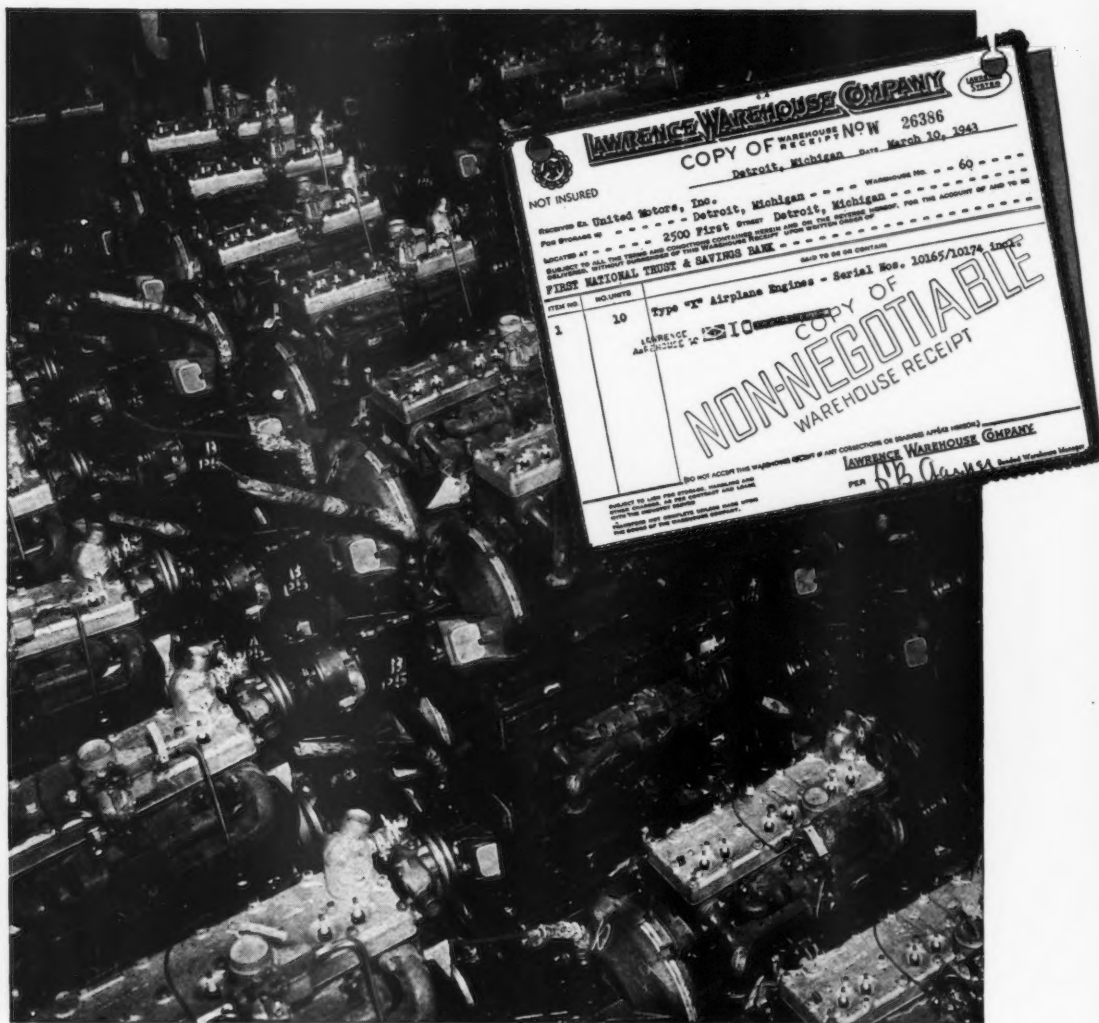
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THOMAS, ASSOCIATED NEWSPAPERS

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"We're Running Out of Italians, Boss"

order to buy government securities. In fact, a Washington dispatch stated that the Treasury would "urge people to dig into all the surplus money they have to send their dollars to war" and that people would be "asked to reduce their savings accounts to just enough to cover emergencies."

Such procedure would be quite inconsistent with the policy which the Treasury has maintained from the beginning of its war financing, so the A.B.A. Savings Division got in touch with the Department and learned that the story was unauthorized. Secretary Morgenthau denied that the Treasury would ask the public to draw on savings accounts for the purchase of bonds. He said he didn't know where the story came from, but that he would have to contradict it.

The Treasury plans to exert no pressure to obtain money from savings accounts. This rumor has popped up several times. When, as and if it recurs after the latest denial, it's fairly safe to assume that there will be another contradiction from the Treasury.

Britain's General Alexander takes time out from chasing Rommel to address the war correspondents



PRESS ASSOCIATION

May 1943

RATION BANKING

Most banks are taking Ration Banking in stride. It's just another splendid contribution to the war effort which lends to the complexities of rationing a swift transfer of credits and a much needed audit control not possible thru any other agencies. One more service stripe for the fraternity!

Because there is little possibility for profit you must watch your supply costs. Don't overload. Don't buy large quantities. Watch those inventories. Just think! As this is written you are carrying six different types of checks and six different types of deposit slips—to say nothing of other necessary forms—and the chances are that the number will be expanded even more. This certainly establishes the need for conservation. Perhaps it is a nuisance to buy small and often, but that's the only safe thing to do as far as ration forms are

concerned. Here at De Luxe we started binding checks 25 to the book and deposit slips 50 to the pad in order to make them stretch twice as far during the initial stages of the program. We are glad we did because otherwise inventories would by now be out of bounds.

Incidentally, as a further aid to conservation, we have developed an "all-purpose" Proof Sheet that we think you will like. Sells at \$1.25 for one hundred and \$1.00 for each additional one hundred. And of course we still carry all the approved Resolution Forms. When you have occasion to re-order any Ration Banking forms that need to be imprinted try, if possible, to allow two weeks for delivery. Parcel post and express shipments just aren't getting thru on schedule and it is necessary to allow for delays. Our five plants are pushing the orders thru very fast but delays in transit are beyond our control.



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a staff numbering 6000—

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ESTABLISHED 1817

• The 1943 Review of •

UNITED STATES GOVERNMENT FINANCING OPERATIONS

Our annual review outlines the financing methods used to meet the cost of war and presents factual information relating to the different issues of U. S. Government securities. In addition, this booklet includes price and yield indexes for the various tax types and maturity groups of U. S. Treasury obligations. Copies will be sent to banks and other institutional investors upon request.

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AND 40TH STREET

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BUY
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CENTRAL SOUTH

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South with resources over
135 Million Dollars

THE AMERICAN NATIONAL BANK

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"May I go home now? I got rid of all mine!"

News from Home

If you who are still civilians weren't in the service last time, you've no idea how a soldier or sailor looks forward to letters from home. Distribution of the mail (it can be a very irregular occurrence in this far-flung war) is the event of any day, and the fellow whose name the mail man doesn't call is indeed "out of luck," as the saying goes.

Many banks are making a special effort to keep in touch with their service men, sending them occasional round-robin letters, presents, and copies of employees publications. The latter are publishing all the news they can get about the boys (and girls!) in uniform.

In this connection Miss MABEL M. ELMORE, who edits *The Corings*, staff periodical of the National Bank of Tulsa, writes: "The enthusiasm with which the boys receive *The Corings* more than repays me for the pain of producing it, for from it they learn about their friends both in the bank and in the services."

Miss ELMORE's is one of the many bank staff publications that print much news about their service men, and excerpts from their letters.

"Don't make the mistake of confusing this with any ordinary tool"



CONSOLIDATED NEWS FEATURES

By the Way

A COUPLE of months ago BANKING made a modest request of its readers:

"We want," said we, "letters from bankers who are taking active parts in the greater events of our times. And wherever possible, pictures."

As you who read "Heard Along Main Street" know, we have received some—good ones, too. Many more, of course, are available.

These letters from fighters can be just about the best reading in this or any other magazine.

Please send us more.

A Dozen Rules

OUR good friend, *The Teller* (The Detroit Bank's staff paper) publishes a list of "Twelve Elements of Good Customer Relations." We pass it along, with our bow to that magazine and our suggestion to you that new employees, especially, will find some useful pointers herein:

1. Make a point of calling customers by name.
2. Smile and say "Thank you" as often as possible.
3. Show the waiting customer your intention to serve him as quickly as possible.
4. Listen carefully and let the customer finish telling what he wants or what his problem is before you try to act.
5. Be accommodating and give some extra, unexpected measure of service. The customer who has troubles should receive special effort and consideration.
6. When it is necessary to say "No,"

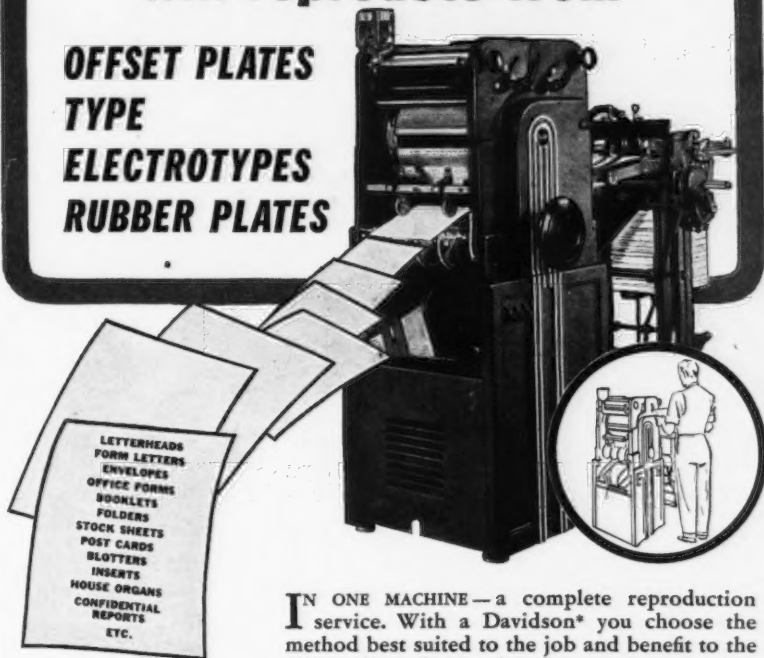
The 19-foot plaster statue of Jefferson in the New Memorial at Washington will be replaced by a bronze casting after the war. The man in the photo is Sculptor Rudolph Evans; the inscription on the wall is from the Declaration



PRESS ASSOCIATION

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PARTNERSHIP

Since Pearl Harbour, Canada and the United States have gone into virtual partnership for war production. Duplication of effort is being eliminated, information is being shared on production methods and designs, the exchange of supplies clipped of red tape.

For example, the United States now concentrates on one type of propeller, Canada on another. Specifications for a Canadian gun have been altered to suit facilities in both countries. The United States supplied one Canadian shell factory with 500,000 body castings in a hurry, to meet a shipping date; Canada saved the U. S. Navy Department costly delay by delivering 30,000 pounds of optical glass needed for sights.

Ten sub-committees coordinate the war production of both countries. The twin arsenals of democracy march together—to Victory.

THE ROYAL BANK OF CANADA

Head Office • Montreal

New York Agency - 68 William Street

(This advertisement is published in the belief that our American Neighbours will be interested in the facts presented. More detailed information is available on request to The Wartime Information Board, Ottawa, Canada.)



CONSOLIDATED NEWS FEATURES

"Don't you just love this . . . so many cans —so many points! Makes sort of a game of your business, doesn't it?"

explain the reason in terms the customer can understand.

7. Never order a customer to do anything. Never use such words as "You must" or "You will have to."

8. Refer complaints to the manager.

9. Answer the telephone promptly and courteously.

10. Make all customers feel equally important.

11. Never argue. You can win the argument and lose the customer.

12. In directing a customer to another department or individual, give him clear instructions.

From the Financial Front

A RECENT newspaper squib said that "loans against Army pay are being granted in great number by the small loans department of the Bank of Australia, it is revealed in Sydney."

"Applications for loans," continued the dispatch, "increased rapidly when the Army's District Finance Office closed down on advances against soldiers' pay."

"Applications are handled in the same way as applications from other government employees. The soldier is asked to find a guarantor to endorse his promissory note. If that can be arranged, loans up to \$75 are granted, with repayments spread over 12 months. These are allotted to the bank out of Army pay."

Whether American soldiers were doing any of the borrowing wasn't stated. Could be?

Birthdays

THE LIVE STOCK NATIONAL BANK of Chicago recently celebrated its 75th birthday anniversary.

THE ANGLO CALIFORNIA BANK, of San Francisco and other California cities, observed birthday No. 70 early last month.

JOHN L. COOLEY

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NATIONAL BANK

Organized 1803

March 31, 1943

RESOURCES

Cash and due from Banks	\$205,037,384.35
U. S. Government Securities	406,817,692.12
State, County and Municipal Securities	17,569,795.55
Other Securities	38,910,001.70
Loans and Discounts	84,197,019.92
Bank Buildings	2,600,000.00
Accrued Interest Receivable	2,787,505.77
Customers Liability Account of Acceptances	1,320,532.13
	<u>\$759,239,931.54</u>

LIABILITIES

Capital Stock	\$14,000,000.00
Surplus	21,000,000.00
Undivided Profits	13,146,967.85
Reserve for Contingencies	3,248,171.53
Reserve for Taxes	2,316,374.99
Dividend (Payable April 1, 1943)	875,000.00
Unearned Discount and Accrued Interest	157,527.25
Acceptances	1,457,756.00
Deposits	703,038,133.72
	<u>\$759,239,931.54</u>

EVAN RANDOLPH, *President*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Philadelphia, Pa.

THE NATIONAL PROSPECT

HERBERT BRATTER

Washington, D. C.

ALTHOUGH victory in North Africa does not mean the end of the war, Rommel's successive defeats have done much to activate post-war planning in the United States. If we could come out of the war with "a plan," we might be all set.

But there will be scores of plans for the nation as a whole, for separate industries, and individual businesses. Even individuals are laying plans for themselves. Therefore, any planning done now must later be adjusted to the planned activities and the unplanned behavior of others. Moreover, what is true of the different elements within our country, is similarly true of the United States in the international plane. In our planning, therefore, we should recognize the need for constant revision and be ready with alternative plans, whether we are government officials dealing broadly with financial and economic matters, war contractors, merchants, or bankers, planning our private affairs.

Respite, prospice, adspice

WISE post-war planners will not only peer ahead, but also glance backward to see what happened after the last war, as government researchers are doing. The Bureau of Labor Statistics, for example, has a separate division making historical studies of "post-war problems." A summary of that division's findings thus far may be read in the

supplement to the *American Economic Review* for March 1943. In 1919, we there read, demobilization of men and industry proceeded without any integrated master plan and procedures had to be improvised. The big factors for business were contract cancellation, huge government-owned surpluses, demobilized manpower, and the prospect of prices falling from their wartime peaks.

Private agencies, also, are studying what happened to business after the Armistice of 1918. A preliminary survey by the American Bar Association has been published: "Settlement of Government Contracts under Two World Wars." (January 1943 *American Bar Association Journal*.) Others who are studying this particular post-war business problem include the American Arbitration Association, the American Management Association, the Committee for Economic Development, and the National Association of Manufacturers.

Government publishes plans

OUTSTANDING among recent weeks' developments here in the post-war field have been the publication of the National Resources Planning Board's "Post-war Plan and Program,"—too lengthy to summarize here—and the plan for post-war currency stabilization. The NRPB has correlated plans and programs under consideration in many public and private organizations for both the transition and the longer-range post-war periods.

The Treasuries of the United States
(CONTINUED ON PAGE 12)

Eccles Opposes RACC

BANKING publishes a letter sent by Chairman M. S. Eccles of the Board of Governors of the Federal Reserve System to Senator Robert F. Wagner, chairman of the Senate Banking and Currency Committee. Mr. Eccles wrote:

"This is in reply to your letter of March 31 in which you ask for an opinion as to the merits of S.914 which provides for the dissolution of the Regional Agricultural Credit Corporation.

"I favor this bill because I believe that such agricultural production for war as is not now adequately financed through regular banking channels or through the Production Credit Associations can best be provided for by insurance of war crops. I favor enactment of H.R.2029, which has the endorsement of the Secretary of Agriculture, or of some similar measure, authorizing the Federal Crop Insurance Corporation to insure such war crops as the Secretary may designate. This will enable private credit to flow directly from the banks to the insured borrowers and will avoid the difficulties, particularly the competition, which result from direct government lending when there is, as now, an abundance of credit available through the private banking system.

"As a matter of general principle, I am for government measures which have the effect of facilitating the flow of private credit into production, whether in the field of agriculture, or other necessary private business activity, and against measures that tend to supplant or compete unnecessarily with private enterprise. To the extent that the need may exist for government aid to stimulate additional agricultural production, I am satisfied that this general principle and the war effort itself will be best served by reliance either upon insurance of war crops or upon some similar form of guaranteeing the producer against loss rather than upon establishment of competitive government lending agencies in a field already well served by the numerous banks in the agricultural regions throughout the nation, as well as by the Production Credit Associations.

"The foregoing expresses the opinion of the Board of Governors as well as my own.

"Sincerely yours,
"M. S. ECCLES, Chairman"

Senator Kenneth S. Wherry, second from right, addressed the A.B.A. Executive Council meeting in New York on agricultural credit situation. At his right, Banker John E. Wise and A.B.A. Counsel D. J. Needham; at his left, Banker J. M. Sorensen



Delays and Misunderstandings in Transfers of Stock Are Costly—Avoid Them!

The STOCK TRANSFER GUIDE SERVICE gives quickly, conveniently, the facts and data needed by those responsible for the transfer of a corporation's stock, in order to avoid risk of making unauthorized transfers; and by those desiring to have transfers made, in order to avoid delays and troubles.

STOCK TRANSFER GUIDE SERVICE

Official Organ of the New York Stock Transfer Association

IN THIS STOCK TRANSFER GUIDE SERVICE may be found quickly, complete information, always up-to-date, as to waivers, documents, guarantees, forms of endorsement, and other requirements in the transfer of securities standing in the name of decedent, bankrupt, joint tenants, tenants in common, corporation, partnership; or in the name of executor, administrator, guardian, trustee, committee, receiver, pledgee; or under other circumstances involving the question of due authority.

All Statutory Requirements

The Service explains the requirements under the statutes — inheritance tax, probate and fiduciary — of each state and territory of the United States and of the principal provinces of Canada, and under the laws of England; contains requirements under the Federal Estate Tax, and under the Stamp Taxes, State and Federal, and Canada and Provinces. It gives the certification forms for waiver of Federal and New York State stock transfer taxes. It contains the Uniform Requirements of the *New York Stock Transfer Association*, followed quite generally throughout the country.

The Uniform Stock Transfer Act as adopted by the State of New York is given in full, together with the Uniform Act itself showing variations made by the various states, and annotated with digests of all court decisions construing the law.

The numerous court decisions as to the law of liability in the transfer of corporate stock have been collected and made readily accessible.

As an added convenience, the rules for delivery of the New York Stock Exchange and of the New York Curb Exchange are reproduced in full.

Corporations, Transfer Agents

In addition, it presents a complete list of corporations whose stocks are listed on the New York Stock Exchange, and a list of corporations whose stocks are not so listed but are transferred by members of the *New York Stock Transfer Association*. For each corporation it shows name and address of the transfer agent and co-transfer agent, if any, and, for quick reference, the waivers required by each such agent. There is also a separate list of transfer agents, with names and addresses.

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Mr. J. F. McFadden, President,
American Credit Indemnity Co. of New York,
First National Bank Building,
Baltimore, Maryland.

Dear Mr. McFadden:

Congratulations on the 50th Anniversary of
American Credit Indemnity Company! Achievement of
such a significant milestone must be a real pleasure
to you and your fellow executives.

My own pleasure in extending these greetings
is enhanced by the fact that your Golden Anniversary
year is also the 25th anniversary of relations be-
tween our two companies . . . twenty-five consecutive
years, may I add, of very pleasant relations.

Our accounts receivable have been insured by
your Company since 1918, from the First World War,
through the depression of '21, the boom of the latter
twenties, the Great Depression of the thirties, and
now during this chaotic war period. During those
years, our accounts have been securely protected
against severe credit losses by your policy.

May the future of your Company be as illustri-
ous as the past though your accomplishments un-
limited . . . may the next 50 years be a period of
tremendous growth and achievement.

Sincerely,
McQuay-Norris Mfg. Co.

Arthur Y. Drefs

Vice-President & Treasurer.



A.G. Drefs.
MTG



J. F. McFadden,
PRESIDENT
FIRST NATIONAL BANK BUILDING
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"Guarantees Payment of Accounts Receivable"

NATIONAL PROSPECT—Cont.

and the United Kingdom have published plans to stabilize foreign exchange rates in the post-war period. The object is to avoid competitive currency depreciation, substituting international agreement for autonomy in foreign exchange. These proposals are precedent breaking, since trade policy and indeed internal economic policy would be required to conform to the consensus of the international foreign-exchange control body. Under the automatic gold standard, countries were indeed forced to conform to gold movements beyond their control. But in recent years, for better or for worse, our currency managers have learned techniques of cushioning the effects of gold movements. These new proposals would impose international supervision on national management. In deference to tradition and the gold-mining interests both of these plans more or less make a place for gold.

If some such plan is adopted, and supplemented by long-term measures, foreign trade will be conducted on a basis of stable exchange rates.

Foreign trade post-war

FOREIGN TRADERS will be interested just as much in the recent forecast of the head of the British Board of Trade, envisaging post-war export trade conducted by organized industries, in place of individual firms. These cartels will enjoy the cooperation of government departments concerned with commercial intelligence, export credit guaranty, and the like. Britain's export trade will be an instrument of national policy and as such subject to government control and direction. The government will decide what shall be exported, where it shall be sold, and, we may presume, at what price. Here is a page torn from
(CONTINUED ON PAGE 14)

Shipbuilder Henry J. Kaiser spoke on industrial production at A.B.A. Executive Council meeting, New York. Mr. Kaiser with A.B.A. President W. L. Hemingway



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, March 31, 1943

RESOURCES

CASH AND DUE FROM BANKS	\$1,025,488,063.41
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	2,403,235,986.41
STATE AND MUNICIPAL SECURITIES	100,577,070.54
STOCK OF FEDERAL RESERVE BANK	6,016,200.00
OTHER SECURITIES	150,407,368.34
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES.	727,477,166.58
BANKING HOUSES	36,470,000.01
OTHER REAL ESTATE	5,906,244.06
MORTGAGES	7,375,417.42
CUSTOMERS' ACCEPTANCE LIABILITY	4,153,699.83
OTHER ASSETS	15,548,937.01
	<u>\$4,482,656,153.61</u>

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS.	100,270,000.00
UNDIVIDED PROFITS	49,353,116.44
	<u>\$ 249,893,116.44</u>
RESERVE FOR CONTINGENCIES	11,828,699.44
RESERVE FOR TAXES, INTEREST, ETC.	4,402,330.16
DEPOSITS	4,203,291,330.16
ACCEPTANCES OUTSTANDING	\$ 8,718,987.15
LESS AMOUNT IN PORTFOLIO	4,327,708.01
	<u>4,391,279.14</u>
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	245,897.34
OTHER LIABILITIES	8,603,500.93
	<u>\$4,482,656,153.61</u>

United States Government and other securities carried at \$442,985,547.50 are pledged to secure U. S. Government War Loan Deposits of \$237,858,277.31 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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Treasury Secretary Morgenthau, second from right, chatting with Senators Austin, Barkley and Vandenberg after proposing to a Senate Committee that the United States participate in an international currency stabilization plan

INTERNATIONAL NEWS

1863



1943

CORRESPONDENT BANK Relations with The First National Bank of Chicago assure prompt handling of checks, notes, drafts and collections; afford facilities for the exchange of credit information, for checking investment portfolios, and other bank-to-bank services.

With The First National Bank of Chicago correspondent bank relationship is one of long duration, having been inaugurated in 1863. Today the Banks and Bankers Division is handling a nation-wide business, and invites accounts upon a basis that so long has proved mutually satisfactory.

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NATIONAL PROSPECT—Cont.

the totalitarian books. It is hardly likely that American foreign trade will not be influenced by such a development.

Our international trade after the war will reflect the lessons we learned so dearly as a result of Pearl Harbor, we hope. The war's end will find the United States equipped with the most modern plants for making synthetic rubber. If we utilize these plants, instead of returning to dependence upon overseas rubber, it will make a great difference in the economy of Malaya and other rubber-producing areas, and also in the income of the British and Dutch from their rubber plantations.

Also of interest is the question of what disposition will be made of other government-built facilities. The Defense Plant Corporation alone has built 1,479 airplane, gasoline, rubber and other plants and facilities costing \$7,000,000,000. Our synthetic rubber producing capacity will be greater than the greatest consumption of rubber ever attained by us. Discussing all these facilities, Jesse Jones states:

This does not mean that the Government must retain the ownership or the operation of the facilities it has built. Nor does it mean that they should be sacrificed. It means that government and private business must work together to utilize in peace much of the machinery we have created for war. It is my belief that to a very large extent this can be done if government and business give intelligent consideration to working together in confidence for the common good.

Post-war reserves

MANY business men have urged the advisability of Congress' encouraging in the tax laws provision for reserves for post-war conversion and readjustment. In the present excess profits tax law Congress has given some recognition to the need for a post-war cushion, having

Donald Nelson, center, told Senate Banking Committee he favored a strong civilian supply agency (subsequently set up in WPB—Senate threatens creation of independent bureau). Left, Col. Robert W. Johnson and Senator Robert F. Wagner, right



HARRIS & EWING
BANKING

provided for a post-war refund, but this is not deemed adequate. Alternatives to bookkeeping reserves are post-war tax relaxation and government credit for reconversion along the lines of Regulation V, where private capital or credit is waiting.

Merely setting up a post-war reserve on the books of a corporation, however large it may be, does not necessarily mean that the corporation will be able to benefit therefrom after the war to the extent intended. Usually a reserve on the books is not a reserve in cash. It may be represented on the asset side of the ledger by plant or equipment, and unless the business can make that plant and equipment produce income when the war ends, the purpose of the post-war reserve is not achieved. Even a reserve in a trust fund of cash, bonds or similar property may not assure the desired security for a war contractor, if there is long delay in the contract-termination settlement.

Apart from normal reserves against depreciation, obsolescence, and the like, and the special amortization of emergency war plant and facilities, the present tax laws do not recognize post-war readjustment or reconversion reserves. Similarly, the procurement agencies, in renegotiating contracts, disallow any reserves set up for post-war reconversion.

For the reasons that (i) the necessity for the reconversion may never arise; (ii) the nature, extent and cost of reconversion is too conjectural to warrant a present determination with respect thereto; and (iii) the unknown duration of the war precludes any estimate with any degree of accuracy of the amount of money which may be required for reconversion.

For a business, the thing that will count most when the war ends is immediate earning power. Plant without cash may be insufficient, or cash without plant. But both cash and plant may be insufficient, without the know-how to compete. Moral: keep on your toes.

Inflation outlook

WHEN the war ends, inflation is likely to be more ominous than now, and for that reason a continuance of price control and some rationing may be looked for, at least in the transition period. Each war year that passes will mean additional savings put aside by the people and a greater total to be

spent later. Savings in 1941 are estimated at about \$14 billions. Last year they were some \$27 billions. This year they will be about \$40 billions, and next year—if the war continues—will be no smaller. These savings dwarf the savings during the last war, and even then, notwithstanding considerable wartime price rises, we had substantial post-war inflation. It does not seem politically possible at this writing to absorb by as much as one-half the approximately \$40 billions which may be saved in the next year. Even the President's January budget request for \$16 billions of additional tax revenues Congress has not got around to considering.



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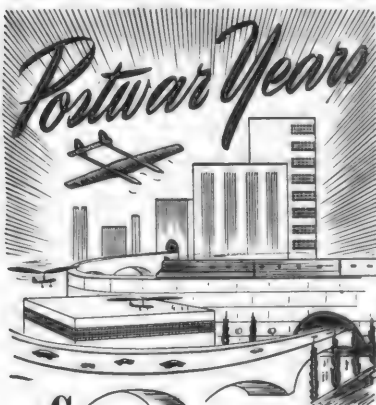
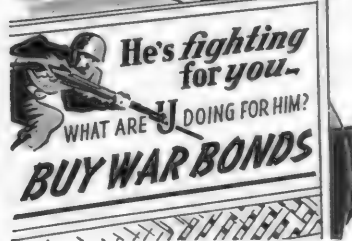


Member of the Federal Deposit Insurance Corporation

Secretary Hull testifying on Reciprocal Trade Treaties before House Ways and Means Committee



PRESS ASSOCIATION



CAREFUL planning in the years gone by has resulted in an enviable record of performance and strength for these two fire insurance companies. Careful planning at the present moment is preparing for the brighter postwar years just ahead.

MILLERS NATIONAL
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NATIONAL PROSPECT—Cont.



Economic Stabilizer Byrnes with Judge Marvin Jones—chairman U. S. delegation to the United Nations Food Conference at Hot Springs, Virginia—at White House conference

The best ammunition with which we can fight post-war inflation is the production of civilian goods. This means rapid reconversion from war to peace production. Since the fighting is not expected to end simultaneously all over the world, the transition from war to peace production will necessarily occur in stages. Reconversion will take less time in some lines than in others. Thus within a few months of the war's end we should be able to turn out ample shoes and stockings, whereas it will take a long time to meet the demand for automobiles.

After the war we may expect that both prices and savings will remain larger than we used to regard as normal. This is another way of saying that war always tends to wipe out past savings. Those who after the war hold savings accumulated before the war will find that some of the value then saved has gone with the wind.

The Treasury's views

SECRETARY MORGENTHAU has made several public statements dealing with the nation's post-war problems. The Secretary cites numerous factors which "will constitute collectively an effective buffer to a possible post-war depression. The huge backlog of post-war purchasing power exemplified in our own War Bonds is indeed added assurance in this respect." But Mr. Morgenthau adds this caution:

These factors making for industrial revival are by no means free of certain dangers, however. It took us months to mobilize our peacetime industries for war; it will take months in turn to complete the process of industrial demobilization for peace. What this involves for the American people is fairly clear. It means that we must reorient our wartime ways of doing things, our wartime ways of buying and living, not all at once, but gradually; it means we must be on our guard against post-war inflation in the

(CONTINUED ON PAGE 18)



What are the factors that determine the salability of municipal bonds? Why do some municipal bonds have better marketability than others? These and related questions are answered in the booklet illustrated above.

FOR ALL INVESTORS

Of interest to experienced buyers, and important to beginners who, by reason of increase in 1942 Federal income taxes, now find it advantageous to consider merits of municipal bonds, income from which, under present laws, is exempt from all Federal income taxes.

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★ This booklet, together with Ready-Reckoning Chart showing whether taxable or tax-exempt bonds yield more at your level of income (under new Federal income tax rates) will be sent upon request. No obligation. Ask for booklet KC-79.

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This bank is
close to many of America's war industries—and correspondent relationships are spreading far the scope of Indiana National's war-time service.

STATEMENT OF CONDITION MARCH 31, 1943

RESOURCES

Cash on hand and on Deposit with Federal Reserve and other Banks	\$77,039,858.09	\$172,823,113.13
U. S. Government Securities	95,783,255.04	
Other Bonds and Securities		22,110,443.33
Stock in The Federal Reserve Bank		300,000.00
Loans and Discounts		17,145,061.02
Banking House		800,000.00
Other Real Estate Owned		5.00
Accrued Interest Receivable		583,574.13
Other Resources		10,045.49
		\$213,772,242.10

LIABILITIES

Capital	\$4,000,000.00	
Surplus	6,000,000.00	\$ 12,264,328.14
Undivided Profits	2,264,328.14	
Reserve for Contingencies		2,000,000.00
Interest, Taxes and Other Expenses Accrued and Unpaid		298,140.99
Dividend Payable April 1, 1943		70,000.00
Deposits		199,102,807.61
Unearned Discount		25,790.57
Other Liabilities		11,174.79
		\$213,772,242.10

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FINANCING WAR PRODUCTION

Located in America's armament center, this bank is especially equipped to deal with financial problems arising from war production.

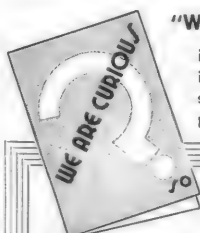
Pledged, as we are, to do all in our power to further the prosecution of the war, we have set up a War Loan Division, experienced in the analysis of war contracts and familiar with the requirements of the armed services and other governmental agencies.

We offer our services not only to local companies in need of war production loans but also to our correspondents throughout the country whose transactions with Detroit war industries can be expedited by our special and direct attention to their needs.

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Shield Press, Inc.

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NATIONAL PROSPECT—Cont.

same way that today we are on guard against wartime inflation. An intemperate buying-spree immediately upon the termination of the war might have precisely the same effect as that at the close of the last war, when the cost of living spiraled upward 29 per cent between November 1918 and June 1920. We must not permit war weariness and a desire to return to "normalcy" to rob us of the very fruits of victory. This will not happen if the demobilization of wartime habits of spending and saving proceeds at the pace of our industrial demobilization.

In coming months

TURNING to the shorter prospect, at this writing there is in Washington much discussion of the question of strengthening civilian supply as a claimant agency. A bill for this purpose, drafted in the Senate Small Business Committee and subsequently considered in hearings before the Senate Banking and Currency Committee, would take out of WPB's hands the duty of looking after civilian needs for goods. The bill as introduced proposed to set up an independent agency, subject only to White House direction. Although Donald Nelson vigorously opposed setting up an independent civilian supply agency outside WPB—on the ground that doing this would inadvisedly divide the authority over priorities—the pressure to "do something for the civilian" seems so strong that one should expect some legislation on the subject.

Congress is also expected to approve extension of the shortly-to-expire trade agreements and the devaluation powers, together with continuance of the \$2,000,000,000 stabilization fund.

Tax legislation meanwhile is only marking time, after weeks of futile and intense controversy over transition to a pay-as-you-go system. It will be several months before we have a Revenue Act of 1943, although heavier taxes are needed to mop up consumer spending power. That revenue act, which may include forced saving or a Federal retail sales tax, should also settle for this year, one way or another, the question of transition to pay-as-you-go collections.

Food Administrator Chester C. Davis, left, leaving the White House with Secretary of Agriculture Claude R. Wickard after conferring with the President on a "land army" to raise food



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The plan has very definite advantages for both employer and employee. It improves employer-employee relationships, reduces turn-over and eliminates the necessity of "passing the hat" when a death occurs in an organization.

We are in a position to work out various helpful plans to suit the requirements of the individual bank and its employees. Full information upon request.

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Your Reading

American Economy

THE DYNAMICS OF BUSINESS. By *Norman J. Silberling*. McGraw-Hill. 735 pp. \$5.

A SUGGESTION of the stature of this book by the late professor of business research at the Graduate School of Business, Stanford University, may be had from its sub-title: "An Analysis of Trends, Cycles, and Time Relationships in American Economic Activity Since 1700 and Their Bearing upon Governmental and Business Policy."

Going back considerably further in our history than other authors have ventured, Dr. Silberling uses quantitative data to study business dynamics, drawing principles from facts rather than facts from principles. He discusses cyclical movements in agriculture, building, production, trade, finance and wages, and, among many other things, shows the close relationship of trade and production to wars and political happenings.

From his exhaustive and in many respects pioneering analysis of American economic experience Dr. Silberling draws some practical conclusions as to the future of production and capital. He also states a number of post-war financial problems, among them debt reduction, and has suggestions for meeting them.

Small Business

FINANCING SMALL CORPORATIONS IN FIVE MANUFACTURING INDUSTRIES. By *Charles L. Merwin*. National Bureau of Economic Research. 164 pp. \$1.50.

INDUSTRIES covered are baking, men's clothing, furniture, stone and clay products, and machine tools. Basic data were obtained from Federal income tax returns of numerous companies for the period 1926-36.

The well-known high mortality rate among small corporations, Dr. Merwin finds, is a fairly logical explanation of the infrequency of long-term credit in their financing; the borrower relies on notes and accounts payable. The author feels that the data studied reveal sharp differences between the financial affairs of small and large corporations and that relatively large amounts were with-

If you want any of the books mentioned on this page, send your check for the published price to BANKING, 22 East 40th Street, New York City. Your order will be filled promptly.

drawn from small enterprises in salary and dividends during years when earnings were down.

Prices

PRICE CONTROL IN THE WAR ECONOMY. By *Julius Hirsch*. Harper, 1943. 311 pp. \$3.

THIS study outlines the history and background, principles and application of price control methods, with particular reference to the United States. The discussion of principles occupies a sufficiently large portion of the book to make it of lasting value to anyone who has to get along with price control. Material which deals with the actual methods of control in force at any particular instant, is of course out of date by the time it is set in type. Leon Henderson writes a brief foreword.

Other Books

THE SPEAKER'S NOTEBOOK. By *William G. Hoffman*. McGraw-Hill. 320 pp. \$2.50. The professor of English and public speaking at Boston University, College of Business Administration, discusses methods and gives examples of effective public speaking. The contents includes 232 stories for speakers and several significant speeches by prominent persons.

FEDERAL TAX COURSE 1943. Commerce Clearing House, Inc. \$10. Designed to answer everyday questions on taxation, the explanatory text of this looseleaf annual is supplemented with illustrative material covering practical problems and preparation of returns, as well as full text of pertinent regulations and Internal Revenue Code provisions.

THE BURDEN OF BRITISH TAXATION. By *G. Findlay Shirras* and *L. Rostas*. Macmillan. 240 pp. \$3. In this estimate of how much was paid in taxation in Great Britain in 1937-38 and 1941-42 from each of a range of incomes, are the results of an inquiry by the National Institute of Economic and Social Research. The contents includes 12 chapters on individual taxes; each is considered in detail.

STUDIES IN NATIONAL INCOME. Edited by *A. L. Bowley*. Macmillan. 255 pp. \$3.50. Here is another volume in a series by the National Institute of Economic and Social Research. It includes a comparison of definitions of national income by different authors, some constituents of national income, the British Census of Production, and the Index of Production.

THE ECONOMICS OF WAR. By *Horst Mendershausen*. Prentice-Hall. 390 pp. \$3.35. The revised edition of a book dealing with the economics of modern total war covers the resources of the warring nations, the complete war production cycle, international aspects of wartime economics, and post-war economy and reconstruction. The author is on the faculty of Bennington College.

HENLEY'S TWENTIETH CENTURY FORMULAS, PROCESSES AND TRADE SECRETS. Norman W. Henley Publishing Co., New York. 861 pp. \$1.50. A reference book for the "home, factory, office, laboratory and the workshop containing 10,000 selected household, workshop and scientific formulas, trade secrets, chemical recipes, processes and money saving ideas for both the amateur and professional worker."

PUBLIC LIBRARY SERVICE TO BUSINESS. By *Marian C. Manley*. Public Library, Newark, New Jersey. 217 pp. \$3.50. Here is a comparative study of the development of this library service in cities of more than 70,000 population.

Speaking of reading, here are some of the men who write the news and take the pictures of the war in North Africa. This press field headquarters is made of fuel cans filled with earth, and banked on the outside



INTERNATIONAL NEWS



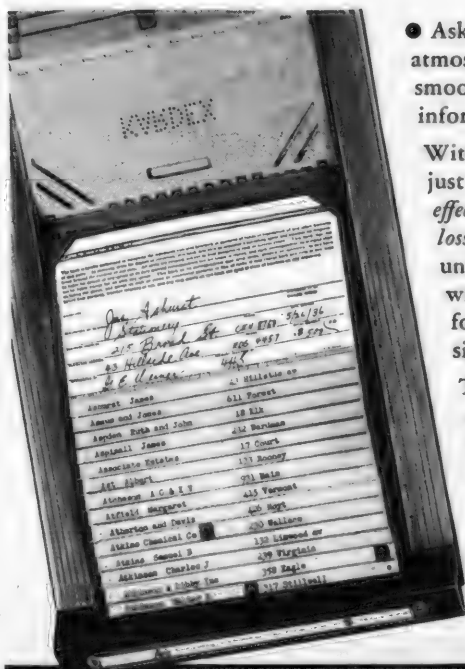
Lines of unfamiliar customers wait restlessly while harassed tellers strive to verify signatures with outmoded vertical card files.



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★ In the month of December 1941, the United States was attacked by treachery. In anticipation of such a possibility, our Government had created a Defense Program. Under the Defense Program, by December 1941, the production of the Beech Aircraft Corporation had multiplied $12\frac{1}{2}$ times over the production rate of the year 1939, when Hitler first unleashed his fury.

With war a reality, efforts were redoubled, and by December of 1942 the production rate of the Beech Aircraft Corporation had reached the astonishing level of more than 100 times the average production rate for the year 1939.

This story, repeated all over the United States, for all sorts of weapons of war, is the prophecy of disaster for the Axis aggressors.

Comparative Rate of Beech Airplane Production

Year 1939	+	+	+	100%
December 1941	+	+	+	1,250%
December 1942	+	+	+	10,000%

A Beechcraft AT-11 Drops a Stick of Bombs

Beech Aircraft

C O R P O R A T I O N

BEECHCRAFTS ARE DOING THEIR PART



WICHITA, KANSAS, U. S. A.



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1943

Armistice Day 1918—New York City

WIDE WORLD

Reserves for That Day

ROY A. FOULKE

MR. FOULKE, *manager of the Analytical Reports Department of Dun & Bradstreet, Inc., New York, is a frequent contributor to BANKING.*

TIME: November 11, 1918, Armistice Day to World War I. The end of World War I was as dramatic and sudden as the awakening from an obfuscated nightmare. As late as July 23, 1918, less than four months prior to the Armistice, President Wilson had responded in a fatherly tone to a suggestion from Senator Owen, that although he had repeatedly turned his attention to post-war problems, "it does not seem to me that just now very much can be done by way of preparation because of our concentration upon other things." In other words, we were too busy winning the war up to the very end of the war, to prepare for the transitional phase of our economy which would inevitably follow the end.

Outstanding contracts for war materials and supplies for our armed forces amounted to \$5,650,000,000 on

November 11, 1918, and contracts amounting to 35.4 per cent of this dollar amount were canceled within one month. One manufacturer of smokeless gunpowder discharged 45,000 employees almost overnight. Salaried workers were given separation allowances of salaries for periods ranging up to two months, while wage earners were given no advance wages and only in an occasional case were they and their families given transportation to their homes or to some nearby industrial center. World War I ended, as far as the United States was concerned, with absolutely no integrated plans for converting from a wartime economy to a peacetime economy.

TIME: Armistice Day to World War II. As each day passes the Armistice to World War II draws ever closer. When that day arrives outstanding contracts for warships, air carriers, P-T boats, fighter planes, transport planes, tanks, mobile artillery, ammunition, and vital materials and supplies will be at least 10 times the amount outstanding at the end of World War I. Our war industries will be employing 20,000,000 laborers who

will be seeking permanent peacetime occupations, while 8,500,000 of the 11,500,000 in our armed forces will be seeking peacetime reemployment. Here is a matter of critical importance, critical to the individual, critical to the business enterprise, and critical to an industrialized economy which can ill afford even a moderate return of unemployment of the pre-war days.

What are we doing about it? What can commercial banks and trust companies do about it?

The banker has a vital basic interest in this problem from two viewpoints. In the first place, post-war problems will materialize in the operation of his own institution on that day. In the second place, as the banker of large and small business enterprises to which he has extended credit, he should see that those concerns have made or are making adequate financial provisions in anticipation of that day.

One representative national bank flies a service flag with the number 1,350 sewn in the center of a huge blue star, indicating the extensive participation of its personnel in all divisions of our armed forces. At the other extreme, I know one small bank that has two employees in the service, and one of those two is the president.

BANKING institutions in every state have employed additional help to fill most of the places left vacant by those who have joined our armed forces. As the Army, the Navy, and the Air Force are demobilized after the war, 35 to 60 per cent of the former employees will return to seek their relinquished jobs. Before that time arrives, the management of each individual banking institution should have decided whether it will (1) peremptorily dismiss the newer employees in favor of those returning, or (2) keep extra employees on the staff for a period of readjustment and until those who are not needed will have found some other desirable or satisfactory location. That is a responsibility which must be decided now so that proper reserves may be provided in anticipation of the added expense.

Already one Midwestern banker has set up a special reserve of \$50,000 out of 1942 earnings, "in anticipation of the reemployment of those members of our staff who are now serving in the armed forces." As the chairman of the board carefully and freely explained in his annual report to stockholders: "In their absence it has been necessary to replace them. When they return it may be necessary, for a period, to carry more employees than are needed for the conduct of our business. In that event, it will be our purpose to intensify our training program and to maintain excess personnel for such a period of time as may be required to bring about the orderly adjustment which our loyalty to both groups demands. Meanwhile, it seems proper to make financial provision for the program during the years in which this moral obligation arises." Here is the viewpoint of a liberal banker who has gladly recognized his responsibility to employees, old and new, and to an economy which can no longer afford the questionable luxury of considerable unemployment.

A reserve of \$50,000 will serve the practical needs of one bank during this vital conversion period. A reserve of \$500,000 will be needed by another institution, and a reserve of \$2,500 will take care of the corresponding

needs of a small country bank. The important thing is that the war is going to end some day and it is sound, healthy, business policy to anticipate the added financial burden and expense which will be incurred beginning with that day.

In the world of commerce and industry, the larger corporations have already begun to set up reserves in their balance sheets to cover post-war conversion expenses of all kinds. Where one corporation began to make such provisions in 1941, five corporations began to set up such reserves out of 1942 operations. The larger the corporation, the more care has been given by the management to the consideration of post-war expense problems.

Eastman Kodak Company, for example, set up "provisions for possible inventory losses and other adjustments due to wartime operations" of \$2,500,000 in 1941, and then added \$3,500,000 to that figure last year to make a total of \$6,000,000 which is now carried in its December 26, 1942, fiscal balance sheet. The B. F. Goodrich Company set aside \$6,000,000 in 1941 as "provision for contingencies"; added \$2,000,000 more last year, and now carries the entire \$8,000,000 reserve in its December 31, 1942 balance sheet. The Alaska Packers Association with fewer and less complicated conversion problems, set up \$50,000 in 1941 for "reserves for contingencies relating to war exigencies" and added \$150,000 to that figure in 1942.

Among the well-known corporations that failed to get around to the full significance of this situation in 1941 but have provided liberal reserves in 1942, are the Rustless Iron and Steel Corporation with \$400,000 as a "reserve for post-war adjustments of inventories and other assets," the American Chain & Cable Company, Inc., with \$800,000 as "provision for possible future inventory losses and other adjustments due to wartime operations," and the Tung-Sol Lamp Works, Inc., with \$100,000 as a "reserve for post-war readjustments."

THE Houdaille-Hershey Corporation tackled the problem in a somewhat different manner. In the Revenue Act of 1942, provision was made for the return to a corporation paying an excess profits tax, of 10 per cent of the excess profits tax paid out of current earnings, as a post-war credit. This post-war credit for 1942 amounted to \$305,597.18 for Houdaille-Hershey and the entire amount was set aside in the fiscal balance sheet as a "reserve for post-war contingencies."

From these typical examples it is evident that considerable time and thought has been given to this field of post-war expense problems by the managements of many representative national business corporations. When we get to corporations whose tangible net worth is below the top bracket of nationally known enterprises, however, we find this crucial subject has received little specific attention. It is a rare balance sheet of a corporation with a tangible net worth of \$1,000,000 or less which contains any provision for reserves for that day. Managements of some of these corporations have considered the problem, but they have failed to make concrete decisions and to provide for the contingency

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A Small Bank's Service Stripes

W. R. PARKER



The executive vice-president and cashier of the Bank of Powhatan, Virginia, talks about some of the difficulties the country banker is encountering today. His bank is pictured above.

SOMETIMES I wonder if the Federal and state banking authorities and our city friends are even vaguely familiar with the difficulties of the country banker.

All our rural banks are patriotic and are going to be "good soldiers for the emergency." But all good soldiers "gripe" and I am writing this article at the risk of having you so classify me.

Last October we lost our cashier and one of our assistant cashiers, who is now an ensign in the Navy. We are a \$2 million bank with five regular employees and one part-time employee. We expect to lose our two men employees very soon, either to the Army or to some "essential" occupation. (Banking has not yet been so classed.) My secretary, who has been with me 14 years, is leaving May 1 to join her husband who is working on a defense project. When these employees leave, we will have one lady bookkeeper and one part-time school girl, in addition to myself, to carry on—and we expect to carry on. We have no idea where we can obtain other capable employees. Few women who are capable wish to remain on jobs in a rural district now.

I am an ex-marine, and I am ready to go again anytime I am wanted. In addition to being the executive officer of this bank, I have the following other duties, all of which are important in this rural section:

Chairman of the first and second War Loan drives; officer in two Ruritan clubs; member of the county defense council; member of the county board of agriculture; chairman of the Food-for-Freedom program in this county; captain of minute men or reserve militia; service officer in two American Legion posts; treasurer of the American Red Cross Chapter; chairman of the Red Cross special gifts campaign; secretary of the Masonic lodge; chairman of the board of deacons and treasurer of our local Baptist Church.

I can prove that I work from 65 to 75 hours each week at my bank and quite often attend two and sometimes three night meetings several times a week. Monday morning I go on watch for planes at 2 A. M. and stay until 7 A. M. I have just received notice from my area manager to report to Crewe, Virginia, 40 miles from here, at 3 P. M. Monday for a school on selling bonds in the second War Loan drive. We have sold about \$400,000 worth of the Series E, F, and G bonds. Of course I shall go, without compensation, and use my car with the tires getting a little thinner each day, and no assurance that I shall get others when these are gone. We are daily encouraging our customers to take their money out of our bank and put it into government bonds; then we keep the bonds for the customer, again without compensation.

While I am away Monday, representatives of the PCA, and other government lending agencies, will be actively soliciting my farmers for the few good loans we are allowed to make. We took care of these same farmers in 1932-36 by borrowing money ourselves. Now we have much surplus money, but our customers are told to take advantage of the cheaper government money—that if they fail in certain crops, they will not have to repay the money. It just doesn't make sense.

SUPPOSE the Federal and state bank examiners walk in Monday while I have let my work go undone to attend this bond conference or some other defense conference—what happens? Well, I have found it useless to make explanations or excuses. In most instances it is best not to ask quarter for none will be given. It would appear many times that the lack of Tom Jones' last financial statement is an unpardonable sin, and that it would be much more important to stay at home and figure out what per cent of your deposits comes from within a 10-mile radius and what amount comes from outside of that trade area than to take part in these many activities outside of the bank.

In our community all of our men under 38 years of age are in service, save a very few deferred for special reasons. Many have volunteered. We have only men with children and men over 45 left. Our farmers are being asked to raise more food—yet their boys were already in the Army before legislation was started to defer them.

The city fellow just does not realize how badly we have been affected. Many of our business places are closed entirely. The men and women left to carry on the many activities such as rationing, Red Cross, agriculture, etc., are working not 40 hours, but from 60 to even 90 hours a week. We are glad to—we are doing this work cheerfully, and wish we could do more. Some days we feel that we will never get through the day taking care of our own business the best we can and doing the many public spirited things demanded of us, but then we think

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Headache Checks

EBEN C. JOHNSON

MR. JOHNSON is assistant cashier of the American Trust Company, San Francisco.

TODAY with the rapid changes that are occurring in business procedure many problems are presenting themselves, not the least of which is that of irregular types and forms of checks that are clearly not standard and which deviate so far from the accustomed form as to cause untold delay, confusion, and loss.

Their infiltration into the daily check volume has been so gradual I doubt if the banking fraternity fully realizes the number of them in circulation and their effect on internal operations. If your bank is suffering from lagging item production, an excessive number of overs and shorts, and too many misrouted items, do not hold wartime conditions entirely responsible. Headache checks have a lot to do with it. This article will endeavor to (1) spotlight some of the misleading check forms, (2) show how they are disturbing daily routine and increasing operating expenses, and (3) make some suggestions for correcting the problem.

The standard form of check devised by bankers years ago carried the number, date, and amount, as well as the signature on the right hand side of the check. This was a studied arrangement that enabled tellers, bookkeepers, and check handling departments to determine the pertinent information necessary to them at a glance.

TODAY's check in a great many instances is a far cry from this practice. Leading the list in this category is the tabulated form of check promoted for use by the business machine industry to fit their equipment. It usually conforms to no particular style and therefore is a constant headache to all those in banks who are concerned with handling checks. The amount of the check is likely to appear in almost any position except the right one. In addition, such checks are often times cluttered up with a mass of accounting detail which confuses and slows down the listing speed of operators considerably. A good example of this appears in Figure 1. Note the amounts representing deductions for Social Security, Victory tax, and bonds, any one of which might be picked up erroneously by an operator.

The man hours wasted in checking differences that spring from this source are considerable. It is even possible for a new teller just being initiated in his duties to cash one for the wrong amount at a loss to the bank.

Figure 1

PAYROLL CHECK

GENERAL CORPORATION
BURLINGAME, CALIFORNIA

No. 71311

DATE March 24, 1943

PAYROLL ENGINE	BADGE NUMBER	HOURS WORKED	EARNINGS	SOCIAL SECURITY	VICTORY TAX	OTHER DEDUCTIONS
3/22	10	40	23.00	.04	.04	3.59

PAY TO THE ORDER OF

EIGHTY SEVEN DOLLARS AND 22 CENTS

DOLLARS.

SAN FRANCISCO, CALIFORNIA

Any Suggestions?

RECENTLY there has been great increase in the number of checks being issued which do not conform to the standards in size and face arrangement which were developed and approved by the Bureau of Standards of the U. S. Department of Commerce in cooperation with the American Bankers Association and other organizations. This has led the Bank Management Commission of the American Bankers Association to give special attention to the problem. A committee on Simplified Banking Forms and Procedure is now studying ways to cope with it.

The committee would appreciate it if banks which are encountering the problem as presented in this article would write their ideas and suggestions to BANKING for the attention of the Bank Management Commission.

Their effect on item production and overtime is tremendous as any manager of a clearing, transit and proof department can tell you from his experience. In making a time study of the handling of these items in our bank, it was found that it took an operator, with average listing ability, 17 1/2 seconds longer to handle 100 transit items sprinkled with these irregular types than the same number of items consisting only of the standard form. Multiply the increased handling time by the thousands of items that flow through your check handling departments daily, plus the number of times the same items cause errors as they pass through several hands.

To complicate matters further, machine-issued checks have the name of the payee and the drawee printed in the most unaccustomed places. A typical example is to be found in Figure 2. To all except the most initiated, this check appears to be drawn on a San Francisco bank, in favor of a Toledo bank, whereas the opposite is the case. A more misleading type of item could not be conceived to plague routing clerks. When these go wrong somebody's time is needlessly taken up to write letters, make adjusting entries and take protective measures. Certainly there is a great need to have the cooperation

Figure 2

TOLEDO, O. MARCH 19, 1941

NO. 1799

PAY **\$1353.78**

TO THE ORDER OF AT THE

TOLEDO, OHIO

SAN FRANCISCO, CALIF.

EXPENSE DRAFT
 CLAIM NO. 22008 SAN FRANCISCO, February 18, 1943 No 7999
 TO GENERAL AGENTS SAN FRANCISCO, CAL.
 PAY TO THE ORDER OF
 \$2.46
 COMPROMISE AND DISCHARGE OF ALL CLAIMS FOR LOSS AND DAMAGE WHICH OCCURRED ON THE
 DAY OF May 1943 TO THE PROPERTY INSURED UNDER POLICY No. 728
 OF THE INSURED AT Cal. City.
 AGENCY, AND IN CONSIDERATION OF SAID PAYMENT THE POLICY IS REDUCED BY SAID AMOUNT.
 PAYABLE THROUGH
 SAN FRANCISCO

Figure 3

of the business equipment people against so utterly violating the rules of standard check design.

The punch card check is another annoying type issued by mechanical devices. Frequently the dollar amount of these appears only in the body of the check with no confirming amount in figures. This is a decided handicap when a batch stamp of some kind has been put directly over the amount, making it indiscernible and delaying listing until the amount can be ascertained from the incoming credit. In other cases where figures and body amount do appear it has not been unusual for the figures to be literally punched out necessitating the operator to stop and search for the amount in the body of the check.

Not all headache checks are confined to machine made items. Among the worst in the non-mechanical group is the loss claim draft issued by insurance companies. This type is an old offender of many years and perhaps the first departure from the strictly standard type of check. Note its objectionable features as pictured in Figure 3. All the important space is devoted to insurance data. The amount appears far up in the left hand corner alongside an expense deduction and a claim number, and is so indefinite no operator can determine the amount with any degree of accuracy without taking at least twice the ordinary listing time to read the item.

Figure 4 shows another insurance check which does a good job of hiding the amount in the middle of a great deal of foreign material. A solution would be to separate the banking features from the insurance data by reserving a portion of the check, free from detail, for information important to us. Thus if it is necessary to give a history of the transaction it would not be crowded over the major portion of the check as is done now with the amount relegated to a small congested area in the background.

Another type of misleading item which we should discuss is the customers draft form appearing in figure 5. Here is a form whose printing is under the direct control of the issuing bank and therefore not subject to any dictum from the outside. Readers will recognize it as an all purpose draft used for a variety of transactions.

Fundamentally this is a collection department instrument and ordinarily intended to be forwarded as a straight collection for payment. However, customers' drafts are finding their way more and more into cash

EXPENSE DRAFT
 No. 4194
 Date FEB. 24, 1943
 At Sight
 Pay TO AMT 46/100 \$2.46
 to the order of
 POLY 230676
 DATE OF LOSS 12/2/42
 POLICY NO 57-53/11057
 CREDIT
 AMT. EXP. FIFTY
 For ADJUSTMENT EXPENSE
 PAYABLE THROUGH
 SAN FRANCISCO, CALIFORNIA

Figure 4

item channels and when intermingled with thousands of other items often becomes missorted with embarrassing results. Some transit department managers have dubbed them "merry-go-round" items because they frequently return to the starting point without having been presented for payment. That is, the bank which received one from a correspondent in a cash letter mis-sorts it back to the sending bank as a transit item.

The fault lies in the pattern of the draft. Nine banks out of ten model it with their own name as payee printed in large heavy type at the head of the form. In no other check or draft form does a bank display the name of the payee so prominently. Your neophyte clerk thus gets the impression that the payee is the drawee and routes it accordingly. That starts the "merry-go-round." Experienced people in banks will maintain that if the handling clerk would examine the item thoroughly there could be no misrouting. However, anyone who is familiar with clearing, transit and proof operations knows that operators in these departments move along at a fast pace; that they have to meet certain time schedules and item production requirements and when an item is received, that for all the world makes the payee look like the drawee, it is easy to slip.

To WHAT purpose must the name of a bank as payee be displayed so prominently on a customer's draft? Would anyone be harmed if the bank's name as payee appeared on the same line with the usual phrase "pay to the order of" and in the same size type? This would do much to steer the operator's eyes in the right channel and eliminate the risk of misrouting. The forms committee in our bank is taking a forward step in this connection by revising the customer's draft form on next printing, as shown in Figure 6. I believe that banks all over the country would do well to take similar steps. It would save them many embarrassing moments, perhaps loss, over misroutings from this source.

The foregoing are only a few of the misleading and irregular types of checks in use. There are others just as exasperating which are also stumbling blocks in the path of efficiency and low cost operation. In view of the difficulties they present it is obvious that printers, equipment companies and banks sooner or later must work together for simplicity and uniformity in check designs that will serve the needs of all satisfactorily.

Figure 5

CALIFORNIA
 FEB 18 1943
 NO 7999
 PAY TO THE ORDER OF
 \$2.46
 AMERICAN TRUST COMPANY
 DOLLARS
 VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF
 TO

Figure 6

CALIFORNIA
 FEB 18 1943
 NO 7999
 PAY TO THE ORDER OF
 \$2.46
 AMERICAN TRUST COMPANY
 DOLLARS
 VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF
 TO

How We Handle Ration Accounts

PHILIP K. BARKER

MR. BARKER is assistant vice-president of the Granite Trust Company, Quincy, Massachusetts.

IN a few months, ration coupon banking has emerged from an idea to a practical wartime contribution of commercial banks on the home front.

Apparently our experience has been more favorable than that of a great many banks, however, if we accept the views expressed by salesmen who call on many banks. These men say that most banks are encountering real difficulties in handling ration banking accounts. With depleted bank staffs and many inexperienced employees, the accounts apparently present operating problems that could easily be solved under more normal conditions. Furthermore, the salesmen say that banks generally feel the compensation will not cover the cost of supplies.

Our bank, located in one of the busiest war production centers, has also suffered serious personnel losses, yet we find that our procedure for handling ration banking accounts is working very smoothly indeed. From the beginning we viewed the matter from the service and public relations standpoint, and encouraged our staff to take this attitude toward the ration accounts.

We anticipated the program and approached the problem last Autumn, trying to obtain as much advance information as possible concerning the role we were to be called upon to play. This enabled us to prepare a three-page mimeographed report outlining the highlights of this new service.

Our branch managers and junior officers were encouraged to call on grocers who banked with us and leave the message that we would soon be ready to serve them in this capacity. In some instances, grocers requested written information and received copies of our mimeographed summary which explained the system in non-technical language. We believe our personal contacts with these retailers have helped to build good will for the bank.

We also considered internal operations and decided not to have the bookkeeping handled by our already overburdened bookkeepers and transit clerks. We had one department whose volume of work had been sub-

WE agree that the compensation to banks for handling these accounts is inadequate. We have records of the volume of work and the cost of supplies which prove that ration banking accounts are being handled at a considerable loss. Also, we are convinced that the increasing volume will not substantially decrease the loss as the entire fee schedule is too low. We feel confident, however, that the bankers and the OPA officials will see that a more equitable schedule of compensation is adopted.

COFFEE

Name PARKWAY GROCERY
Address 144 Central St., Weymouth Tel. No. Wey. 4431

	Date	Withdrawal	Charges	Deposit	Balance	Memo
A	APR-1-43		30¢		****0.00	
1	APR-1-43		7"	243.00	**243.00	
2	APR-1-43			162.00	**405.00	
3	APR-1-43	+165.00			**240.00 LA	
4	APR-1-43		4"	+64.00	**304.00	
5	APR-1-43	+162.00			**142.00 BA	
6						
7						
8						
9						
10						
11						
GRANITE TRUST COMPANY						
12						
13						

The bank uses various colors of card stock, and rubber stamps, to identify the different rationed commodities

stantially reduced. This was our Granitime Loan Department which handles all types of consumer credit and monthly payment loans. We decided to adapt our ration banking operations to this department's personnel and equipment. This meant that the assistant manager of the department, who was spending fewer hours in interviewing loan applicants, could now study OPA regulations, serve as a clearinghouse for ration banking information in our bank, and interview customers who were seeking information or who wished to open ration coupon banking accounts.

NEXT we had to decide how we could adapt the mechanical equipment of the loan department to coupon bookkeeping. We were using a machine for posting loan ledger cards and customer loan passbooks. Since passbooks would not be required in handling ration accounts, it was found practical to insert in place of a passbook a duplicate ledger card which serves as the depositor's statement, to be available quarterly as suggested by the OPA. The cards we are using as ledgers and statements are cut and printed in our multigraph department and by using various colors of card stock and rubber stamps for the different rationed commodities, the possibility of error in posting is reduced. We are using five columns on the ledger cards: "Date," "Withdrawals," "Charges," "Deposits," and "Balance." On the customer's statement the heading "Charges" is omitted. The regular personal loan repayment key is used for withdrawals, which reduces the balance, and the interest key which prints in red, is used for the deposits, increasing the

(CONTINUED ON PAGE 80)

Post-War Credit for Small Business

WALTER MITCHELL

Soon after writing this article MR. MITCHELL, who had been director of surveys for Dun & Bradstreet, Inc., was made distribution economist for the Lend-Lease Administration in North Africa under General Eisenhower. He serves on a joint board which is charged with distribution of supplies to the civilian populations of North Africa. Prior to taking his new assignment MR. MITCHELL was also a consultant to the Office of Price Administration.

WHAT will be the position of small manufacturers, with limited working capital and financial resources, when the war ends? The problem must apparently be divided into two parts.

The Senate Special Committee to Study the Problems of American Small Business has already given extensive study to the problems of those manufacturers unable to convert to war production and unable to obtain materials or manpower to continue in their usual line.

I believe that there are among the small manufacturers two types of "forgotten men" whose problems deserve consideration now. One of these has already converted his plant to war production and is too busy to think much about a post-war problem which may be very serious for him. He is the typical small subcontractor, very likely several stages down from the prime contract level. He has somehow managed to finance his war contracts; he has tied up all of his own working capital, has been able to borrow some from his local bank, and has perhaps received advances from the prime contractor.

THE other is a similarly equipped small manufacturer who has not changed his plant over to war work because he has stopped to think about the post-war change-back and he is afraid to. It will help to increase war production now if we can relieve his fears—now, not on Victory Day. Any small manufacturer is more likely to be willing to throw his entire effort into the war if he can feel that he is not endangering the future of his enterprise.

What will happen when the end of hostilities comes and he is suddenly ordered to cease work on the machine gun parts or motor bushings that he is now making? Of course, he has a common-law right to reimbursement for the labor, materials and other costs which he has already expended on the unfinished work. So had his "business uncle" who was caught in the same fix by termination of contracts at the end of the first World War. This manufacturer probably will have the legal right, under those circumstances, to sue the Government or his customer, the prime contractor. I understand that some of those suits from World War I were still dragging in the courts when the curtain rose on World War II.

This time plight of that small contractor is not entirely neglected. The War Department, the War Production Board, the National Association of Manufacturers, the

National Planning Association, the U. S. Department of Commerce and the U. S. Department of Labor have all been cooperating in an effort to set up a model termination clause which would protect the rights of contractors and subcontractors, without neglecting either the Government's rights or its plain duty to avoid waste of the people's money. In those termination provisions, an effort is being made to provide for quick partial reimbursement wherever possible.

This cooperative effort, I understand, is bringing results; but even its authors are not fully satisfied. The plan should be carried through, but it does not seem to us the entire solution. Apparently there are great practical and legal difficulties in any effort to safeguard the contractor four or five layers down—for instance, the man who makes the brushes for the motor that goes into the propeller attached to the airplane engine which goes into a bomber. One solution would work on the chain letter principle, requiring each contractor and subcontractor to insert in all purchase contracts the same termination safeguards that he himself receives from the Government or the contractor above him. Inasmuch as the combined effort of business men, lawyers and economists in these several government bureaus has as yet failed to simplify the termination clause to a point where it fits inside of 12 typewritten pages, it can be seen that this would be a sizable amount of paper work. I believe that Under-Secretary of War Patterson recently estimated that more than 2,000,000 contracts had been let in connection with the war effort to a total of 80,000 contractors and subcontractors.

THE other solution would be a legislative blanket thrown over the whole problem, declaring by fiat that certain termination safeguards and provisions attach to all war work. In either of these cases, it is difficult to define war work.

The best that can be hoped for termination provisions is a reduction of the delay from years to months or from months to weeks. How can we provide the small manufacturer with the means to start *immediately* on

Picture the possibilities if a lag or sag develops in the immediate post-war reconversion period. Discouragement will "come easy to us" with the excitement of war left behind. Bankers could become uneasy and start calling obligations which war contractors could not possibly meet until their termination claims were paid. We at Dun & Bradstreet fear we might be the unwilling recorders of a financial disorder which might make all past ones seem minor. This need not be, and we can use our existing commercial banking facilities to prevent it.

the reconversion of his plant to peacetime operations? If this can be done, we will preserve the ability of a large segment of American industry to continue the employment of the workers now on war jobs, and to reabsorb demobilized soldiers. We would do much to assure continuity of government revenue from corporate income taxes, if we could assure continuity of operation.

Large manufacturing enterprises have been laying plans, both engineering and financial, towards speedy reconversion, on the theory that the man who makes the speediest reconversion will have first chance at a roaring, impatient consumer market, and thereby a substantial advantage. The small manufacturer needs all the help and advance planning which can properly be extended to him (without, of course, usurping any of his responsibilities as a private enterprise).

If this small manufacturer had borrowed some of his working capital for war orders, under Regulation V of the Board of Governors of the Federal Reserve System, he might be in a more favorable position. Interest on that loan would cease on Victory Day, for then the Government assumes the responsibility. The chances are that the small manufacturer thus protected might also be able to utilize his own credit standing to borrow interim working capital to start the reconversion of his plant to peacetime products. However, this is not the major purpose of Regulation V.

HOWEVER, it is unlikely that our typical small war contractor is thus protected. The Federal Reserve Board reports that only about 2,600 Regulation V loans had been made over the entire country as of February 1—rather small coverage as compared with Under-Secretary Patterson's estimate of 80,000 contractors.

To close this gap our specific suggestion is a new type of guaranteed loan to industry which might be called a PW Loan—a post-war loan. Such a plan could be administered by the Federal Reserve System in the same manner as Regulation V, utilizing existing commercial banking facilities in the manufacturer's own locality. The purpose would be to assure a prompt start and speedy execution of the post-war reconversion. The borrower would be doing business with his own local banker, acquainted with his history and problems.

It might well serve a broader purpose than would appear from the recorded results. In other words, it seems reasonable to believe that the mere existence of Regulation V makes it easier for small contractors to borrow from their banks. Benefits to these contractors may, therefore, be gravely underemphasized by the small number of loans guaranteed under that regulation. As in so many other circumstances, the possibility of obtaining a guarantee makes many people willing to go along without it.

Such PW Loans would have the following characteristics:

1. Available only to war contractors producing articles which have no direct peacetime use and therefore could not be sold in their fabricated form.

2. Commitment by the borrower that the funds so borrowed would be used to reconvert his plant to peacetime purposes or launch a peacetime product on the market.

3. Not to be pyramided on top of V-loans; designed to free only the contractor's own capital tied up in unfinished and undelivered war work.

4. Limit of the loan to some safe fraction, such as 75 or 80 per cent of the working capital tied up in war work at the time of contract termination.

5. A careful definition of "tied up working capital," which would enumerate valid accounting charges against unfinished war goods, in order to determine size of loan to be authorized.

6. Safeguards for the Government as guarantor, such as some sort of audit of the inventory of unfinished goods and a certification by the prime-contractor or government purchasing officer as to the bona fide character of the contractor's orders.

7. Assignment by the borrower to the Government of his claim under the terminated contract, said claim to be used first to liquidate the borrower's PW loan.

THE need for something of this sort has already been recognized by others. But up to the present time, solicitude for the small contractor who could not convert to war work has forced the attention to focus on the urgent need to spread contracts more widely. For that reason I believe there have been no specific proposals about post-war loans so far.

It is our belief that such a loan plan would be of value to the Government as well as to business. In the first place, it might help in the collection of corporate income taxes. The manufacturer who wished to show correctly the amount of working capital tied up in his war orders would be likely to discourage his controller from hiding too much of his profit by under-valuation of inventory, a practice which is said to be relatively prevalent.

PW loans also would probably save the Government a substantial amount in interest charges. So long as suits pending in the Court of Claims accumulate the legal rate of 6 per cent interest, there would apparently be an advantage to underwriting the interest on PW loans through commercial banks.

A Federal Reserve official who reviewed this suggestion, stated that he could see nothing to prevent development or at least careful study of such a plan. He emphasized its similarity to loans under Regulation V.

NATURALLY, no official of a government agency could or should give approval to such a plan until and unless it is under congressional consideration or officially proposed by the Administration. However, we made this effort in order to determine whether there might be grave technical difficulties.

It might be argued that no legislation would be required to set up such a plan, because it was possible to establish the present Regulation V under the President's war powers, without specific legislation. This may be so, but it seems likely that the PW plan would have a greater psychological value if it had the force of legislation or some expression of the intent of Congress rather than rest entirely upon executive order. Also, as I understand it, presidential war powers extend for only a limited time beyond the end of hostilities. Yet the termination of war contracts and demobilization of industry may extend over a period of years.

The North American Way

C. M. SHORT

MR. SHORT is economist and assistant secretary of The Canadian Bank of Commerce, Toronto. His most recent contribution to *BANKING* was "Canada Fights" in the April 1942 issue.

IN the crucible of war North America is forming a powerful economic amalgamation. Over the last half-century a fundamental change in North American economy has been in progress, with a consequent growth in trade between the two largest members of this system, the United States and Canada. In the late 1930's these countries had between them a greater volume of trade than any other two nations.

At one time, and up to the 90's, both the United States and Canada were dependent mainly upon Europe, including Great Britain, for an outlet for their exports and as a source of necessary imports. Whereas Europe then accounted for as much as 80 per cent of American exports, it absorbed not much more than 40 per cent in 1938. The growth of industrialism in the United States, of course, had something to do with this.

The recent history of Canada's foreign trade is marked by closer economic and financial relationships with her southern neighbour. While Canada tended to replace the United States as a supplier of foodstuffs to Europe (particularly Great Britain) she employed a large portion of the returns from her exports to Europe for the purchase of manufactured goods in the United States. Trade with the United States gained fresh impetus when Canada's agricultural expansion slowed down and industrial growth became a predominant factor in her economy. For industrial requirements of cotton, coal, machinery and other equipment and for the supply of mineral oils, Canada depended largely upon the United States. The share of that country in imports represented 60 per cent in 1938, while that of Great Britain, which once exceeded the share of the United States, was only 15 per cent. But as Canadian industry became closely integrated with that of the United States, exports to that country of industrial products—particularly pulp, newsprint and non-ferrous metals—also reached a high level. On the average about one-third of Canadian exports as a whole went to the United States in the last pre-war years, almost as much as to Great Britain.

MUCH the same trends are recorded in respect to capital movements. Up to 1914 Canada's imports of capital, mainly for industrial expansion, came from Great Britain, but the inflow has since been derived from the United States, and by 1938 amounted to nearly \$4 billion, more than half of all American foreign investments. But Canada was an exporter, as well as an importer, of capital and by 1938 had a financial stake in other countries of nearly \$2 billion, of which 60 per cent was in the United States. Early in this war Canada allocated most of her huge production of non-ferrous



WIDE WORLD
"One of the last frontier areas of this continent has been broken open by the construction of the Alaskan Highway . . ."

base metals to Great Britain and France until the collapse of the latter left Britain the major non-Axis armament producer and of course the largest consumer of these Canadian products. But about that time trade between Canada and the United States began to expand beyond an already large volume, first as Canada's requirements for American materials to implement her armament program grew, and later as the United States swung into its defense preparations. A year or so after the outbreak of hostilities in September 1939 Canada's imports from the United States had increased by about 80 per cent over the pre-war average (1935-39), while her exports to the United States were nearly two-thirds greater. By the time of Pearl Harbor, Canadian imports of American products were at the rate of over \$1,000,000,000 per year—about triple the pre-war average—and exports from Canada to the United States at a rate exceeding \$600,000,000, more than double those of the 1935-39 period. Such official reports on American-Canadian trade as have been available show that the exchange of materials and goods expanded still further, Canada's imports from the United States rising to about \$1,250,000,000 and her exports to over \$700 million. The trade on both sides has been kept almost entirely on a commercial basis—free from lend-lease arrangements except for transfers of supplies for American forces in Canada and for certain equipment ordered in Canada by the United States for Britain.

In the first stage of this increased trade Canada had a serious exchange problem, for her unfavorable balance with the United States had risen markedly, while she was unable to convert her favorable balance with Great Britain into American dollars. The problem was eased by the Hyde Park Agreement between the American and Canadian governments in April 1941, which, following the Ogdensburg Agreement seven months earlier to



A setting of mountain peaks and a lake along the Alaskan Highway

adopt joint defense measures, provided that steps be taken (1) to integrate Canadian and American war industries, so that as far as possible, each country would provide for the other those defense articles which it was best able to produce, and, above all, to produce quickly, and (2) to relieve the pressure on the Canadian balance of payments with the United States. A material co-ordinating committee of the two countries was the first offshoot of the Hyde Park Agreement, but now several other Canadian-American organizations are functioning to further economic cooperation in supplies of vital materials, in war production and in military, naval and air training and strategy. All these committees operate in conjunction with the Combined Materials Board created in January 1942 by President Roosevelt and the British Prime Minister to mobilize their countries' resources for the most effective use against the enemy.

SOME highly impressive economic results have followed the establishment and working of these organizations apart from those which show up in the available official trade reports. A Joint Committee on Defense Production has surveyed plant capacities and general operations in the United States and Canada for the output of war equipment and has recommended changes with a view to increasing the effectiveness of the respective armament programs. The United States War Production Board and its Canadian counterpart, the Department of Munitions and Supply, have become closely allied for the best distribution of war materials and for coordination of production of combat equipment, with a better-balanced production on both sides. Thus the Department of Munitions and Supply has placed in Canada during the past year American armament contracts amounting to about \$1,000,000,000. An over-all Joint Economic Committee is concerned with wartime problems not studied by other agencies, and with post-war readjustments which the American and Canadian governments have definitely agreed to consider to further advantageous economic relations between them, indeed, among all the United Nations. All these forms of American-Canadian cooperation account, partly in some cases and wholly in others, for much new development of Canada's resources in widely separated areas. In a remote section of eastern Canada one of the world's greatest hydro-electric projects will soon be completed as a source of power for aluminum plants with a capacity about equal to that of all countries a few years before this war broke out. In central Canada the facilities for nickel production have been greatly enlarged, mainly

to meet the unprecedented requirements of the United States, and large-scale production undertaken of magnesium, molybdenite, chrome and mica. In western Canada newly-discovered mercury and tungsten deposits have been undergoing development, while copper and zinc ore bodies are also being opened up to relieve shortages in the United States. All Canada's forest areas are cutting timber to provide the United States this year with over 1,000,000,000 feet B.M. of lumber and nearly 1,250,000 tons of wood pulp, as well as about 70 per cent of its newsprint supply.

ONE of the last frontier areas of this continent has been broken open by the construction of the Alaska Highway, five-sixths of which runs through Canadian territory. This region, however, was not all wilderness. At the southern terminus of the highway was a railroad, linked with Canada's two major rail systems at Edmonton, Alberta (the major base for the many thousands of American troops and workers engaged on the highway), which had lines to the international boundary to connect with American railways. Along the railway linking Edmonton to the highway is an agricultural region which grows some of the best grain and vegetable crops in North America. East, north-east and west of the highway are known deposits of copper, lead, zinc, radium, silver, gold, petroleum and tar sands, all of which may some day be highly productive. In fact, there are already small producing oil wells and gold deposits, as well as North America's only radium mine, on the fringe of the Arctic Circle.

If any American officials in charge of this highway construction had previous experience on the American war project in Trinidad they must have been astonished at the presence of tar sands not far distant from their sub-Arctic route and from which oil can be extracted, as it can also from the asphalt beds of Trinidad. They would find, also, a surprising similarity in the banking service afforded by long-established Canadian branch banks in the vicinity of the Alaska Highway and that provided them by the same financial institutions at Trinidad. Thus, financial communication lines were available from the near-tropics, through any part of the United States where banks exist and on to the sub-Arctic. These lines can be kept open after the war and with all other banking connections in North America help to preserve much of the record volume of trade now conducted between the continent's major commercial partners.

Day and night Army trucks, jeeps and command cars roar over stretches like this on the Alaskan route



BANKING

BANKING NEWS

Association to Hold a 1943 Convention in New York City

Council Moves Important Changes in A.B.A.

Constitution to Cover Emergency Periods; Would Eliminate Second Vice-presidency

Revisions in the constitution of the American Bankers Association were recommended by the Executive Council to bring this instrument into line with the requirements of current conditions. These recommendations will be voted upon by the membership at the September convention.

The principal changes proposed are provision for the election of the A.B.A. officers by the Executive Council when and if the annual convention has to be omitted because of war or other national emergency; provision for the election of divisional officers by mail under similar circumstances; and elimination of the office of the second vice-president.

The provisions for the election of officers in the absence of a convention are contained in a new section that would be added to Article VII of the constitution under the heading "Emergency Functions of the Executive Council." They provide that if the convention has

to be omitted, the Council "is empowered to nominate, elect, and install a president and a vice-president" at a special meeting called under other provisions of the constitution, and "to do and perform all other acts authorized to be done and performed by the general convention." It is also provided, however, that nominations may be submitted to the Council by the nominating committee.

The provision for election of division and section presidents and vice-presidents is a measure for use only when a special meeting of the Executive Council is held in place of a general convention because of war or

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Executive Council Votes September Session; Meetings to Be Streamlined, No Entertainment

A decision to hold the annual convention of the American Bankers Association in New York in September and recommendation of revisions of several parts of the Association's constitution were among the more important actions taken by the A.B.A.'s Executive Council at its Spring meeting held in New York last month.

Members of the Association's official family, including the Executive Council and officers of the various A.B.A. divisions, sections, commissions and committees, attended the sessions which began on April 11 and ended April 14.

Reports of the Association's numerous Councils, Commissions, committees, and divisions were submitted to the Executive Council. Here are brief news items on some of the reports.

The report of the National Bank Division said that the division had given considerable study to the possibilities of increasing loans.

"Ideas for developing more loans were explored at even greater length," the report said. "In communities where there

The plan adopted by the Council calls for a streamlined meeting shorter than the usual convention and was developed in deference to transportation shortages occasioned by the war. Attendance at the meeting will be limited to not more than one representative from each member bank. There will be no entertainment or social features.

The convention will be held in the week beginning Sept. 12.

The A.B.A. leaders at the Council meeting felt that it was important to have an annual meeting this year in order that the members might have an opportunity for discussion and expression, and in order to provide for the continuation of the Association's functions through election of the necessary officers and for other organizational requirements, and for the transaction of other essential business.

President W. L. Hemingway called attention to the fact that a major portion of the activities of the nation's banks are now related to the war. He said the American Bankers Association is their coordinating agency and it is therefore important that the representatives of the member institutions have the opportunity to

(Continued on page 35)

A meeting of the A.B.A. Administrative Committee preceded the Executive Council sessions in New York. Here are some of the members, foreground left to right, Committeemen Burgess and Smith, Comptroller Rooney, Secretary Hill, Executive Manager Stonier, President Hemingway, Vice-president Wiggins and Treasurer Augustine



Country Banks Rally to Support of the American Bankers Association

Small Institutions Constitute Membership

Majority; 87 Per Cent of U. S. Banks in A.B.A.

GEORGE W. HEISER

Chairman, A.B.A. Committee on Membership, and vice-president, Manufacturers Trust Company, New York.

Since Sept. 1, 316 new members have been enrolled by the American Bankers Association. Almost without exception these are small country banks which realize that their welfare depends so largely on the work of the A.B.A. in their behalf.

In this connection it is interesting to note that more than half the members of the A.B.A. have a capital structure of less than \$100,000. Seventy-five per cent have less than \$250,000. With few exceptions these banks are located in rural communities which means that the vast majority of the members of the Association are country banks.

It is a pleasure to be able to report that the percentage of banks in the membership on March 31 was the highest in the history of the Association—87.74 per cent. Both the number of banks enrolled and the amount of dues collected were higher than on March 31, 1942.

14,368 Members

On March 31 the membership stood at 14,368 as compared to 14,313 on the same date last year. In the A.B.A. member institutions are approximately 97 per cent of the banking resources of the country. In addition to the District of Columbia, seven states have 100 per cent membership: Arizona, Idaho, Nevada, New Mexico, Oregon, Utah and Washington.

The procurement of new members reflects a healthy attitude of the banks toward their national association. It should be of interest to know that many of these memberships were obtained after gas rationing went into effect, and all were added during a period when we have been busy in our banks and busy outside in connection with various civilian war efforts. Despite the curtailment of time available,

approximately 100 men who comprise the membership organization gave up their leisure, and in many cases devoted their weekends in order to maintain and increase the membership.

Iowa's Achievement

The order in which names are mentioned does not necessarily indicate the volume of the efforts or the degree of their success. However, there is no doubt but that the outstanding achievement of the past year took place in Iowa.

State Vice-president R. R. Rollins, vice-president of the Bankers Trust Co. of Des Moines, and Frank Warner, secretary of the Iowa Bankers Association, put on a drive un-

der the general direction of Ted Byerrum, committee member and executive vice-president of the First Trust and Savings Bank, Davenport, which netted 61 members, most of whom were obtained in the first five weeks of the drive. The organization of this campaign is now recommended for use in other states.

Committeeman Gordon Nesbit, vice-president, First National Bank & Trust Co., Fargo; State Vice-president for Oregon, J. B. Booth, vice-president, Benton County State Bank, Corvallis; and Vice-president for Washington, Ira M. Camp, vice-president and cashier, First State Bank, La-Crosse, succeeded in bringing Washington and Oregon up to 100 per cent.

Missouri, Too

No other state has a team that has worked harder; obtained more satisfactory results than Missouri's under the leadership of Bob Dominick, vice-president, Traders Gate City National Bank, Kansas City, a committee member, and Leo Kelly, state vice-president for Missouri and vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis.

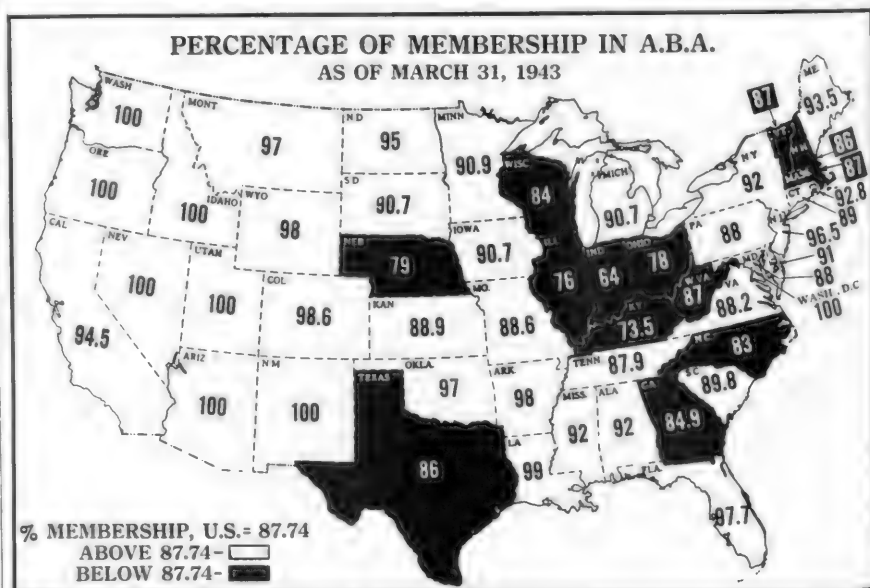
Since Sept. 1 these men and their workers have added 43 banks, bringing the state percentage from 82 to 88.6. This is more remarkable when we note that these men brought in 35 new members during the previous year.

In Texas

One of the finest achievements was in Texas where State Vice-president DeWitt Ray, Committeeman Eugene Fish, former A.B.A. President Frank Law, and President Pres Doty, of the Texas Bankers Association, put on a campaign that got 20 members.

The Objective

The banks have been under fire during the past few years. The end of this war will bring with it sweeping economic and social changes, the heralding of which we are already seeing in proposed legislation. The banks may then be under fire again. When that time comes the banks cannot be organized too well, and it would seem to be only the part of wisdom for every bank of the country to join the American Bankers Association. This should be the objective of our present effort.



New War Loans Manual Is Prepared by A.B.A.

All Phases of This Lending Are Covered

Up-to-date information on all phases of war lending by banks is included in a new manual prepared by a subcommittee of the National War Loans Committee, as Bank Management Booklet No. 88.

The manual is composed of five chapters, covering the following: Termination clause of the procurement contract; digest of Regulation V; digest and interpretation of the guaranty agreement; explanation of the policies and practices of the Army, Navy and Maritime Commission in the renegotiation of war contracts; and suggestions regarding loan agreements.

Members of the subcommittee compiling the manual were: Hugh H. McGee, vice-president, Bankers Trust Company, New York; A. C. Simmonds, Jr., vice-president, Bank of New York, New York; and David C. Barry, vice-president, Lincoln-Alliance Bank and Trust Company, Rochester.

Deputy Manager Walter B. French and L. C. Bertram, secretary and assistant secretary respectively of the Committee, assisted.

Headley on Faculty of Graduate School

To Lecture on Trust Investments at Session

Louis S. Headley, vice-president of the First Trust Company of St. Paul (Minn.) State Bank, has joined the faculty of The Graduate School of Banking.

Mr. Headley, who is president of the A.B.A. Trust Division, will lecture on trust investments.

He is a graduate of Carleton College, Northfield, Minn., and of the Harvard University Law School.

Changes in A.B.A. Constitution Proposed

(Continued from page 33)
other emergency.

Under the constitution the new Council must meet within 48 hours of the close of the convention. Applying this requirement to an emergency Council meeting held in place of a convention, the divisions and State Secretaries Section would have to hold their elections prior to the special meeting in order to have new officers present to qualify for the organizational meeting of the Council.

A.B.A. Convention

(Continued from page 33)

meet and to discuss essential business and to provide for the continued and efficient operation of their organization.

New York Hotels Adequate

Before the matter of a convention was taken up by the Executive Council a survey of the hotel situation in cities with facilities large enough to take care of an A.B.A. meeting was made. It was decided that the comfort of the delegates could be better provided for in New York where there is not so much war industry and where the hotels are less crowded.

No 1942 Convention

The outbreak of war at the end of 1941 and the heavy burden played on the railroads and airlines made it necessary for the Office of Defense Transportation to ask that the A.B.A. convention be omitted in 1942. While the Executive Council met at the time the convention would have been held, it was not found possible to continue the usual rotation of officers through an elective process since under the constitution and bylaws an election could be held only at the general convention.

However, at the Council meeting last Fall the presidents of the Association and the vice-presidents moved up.

Since the Council voted to hold the annual convention of the Association in September it is not expected that this situation will recur this year.

Therefore it is provided in the amendments that the executive committees of the divisions and the board of control of the State Secretaries Section shall elect these officers and that they are authorized to do so by a mail vote.

The elimination of the office of the second vice-president is proposed to shorten the length of time that an officer may have to spend in going through the Association's chairs.

Amendments also provide that special meetings of the Council may be called by the Administrative Committee when "it seems expedient for the association to forego its general convention by reason of the existence of war or other national emergency."

Another gives the Interim Committee, consisting of the chairman, president, vice-president, executive manager and general counsel of the Association, and the chairmen of the Committee on Federal Legislation, authority to make decisions regarding governmental proposals or action affecting banks, as well as bills and departmental rulings, provided that "no such action shall be inconsistent with any resolution of the Administrative Committee, the Executive Council or the general convention."

Still another amendment would change the name of the Membership Committee to the Organization Committee, to consist of a chairman and 12 regional vice-presidents.

Council Gets Association Reports

(Continued from page 33)

are but few enterprises, banks are not able to employ even an average share of their ample funds in actual war production work. This could be corrected in part if tied into the renewed efforts being made now to convert small plants to war uses.

"Banks should have the preference in making such of these loans as can be handled. Therefore the division recommends that the Smaller War Plants Corporation be urged to require plants applying for loans and other assistance to exhaust their possibilities at their local banks first."

The report of the State Bank Division stressed the effects of the war on banking and pointed out that most of this division's activities had been devoted to aiding A.B.A. members in dealing with the problems that the war and government regulations developing from it have brought about.

The Trust Division report described the division's work in public relations, trust education, taxation, and legislation.

The Savings Division report stated that the division "is opposed to any policies of banks which tend to discourage the building up of savings deposits, especially at this time.

This position is based upon the studied opinion and basic truth that the promotion of thrift through the encouragement of savings accounts is of major importance in the economy of the country.

Insurance Policies Cover Ration Banking

After conferences between the Insurance and Protective Committee and the National Bureau of Casualty and Surety Underwriters, the Bureau's members agreed to construe all outstanding owners', landlords' and tenants' liability policies (general public liability) carried by banks as covering, without additional premiums, any liability, within policy limits, to customers which may be incurred through banks' participation in ration coupon banking.

The Insurance and Protective Committee reports that there were no burglaries of banks from Sept. 1 to Mar. 31. This is believed to be the first time in A.B.A. history that such a spotless record was achieved.

The Committee also states that only eight hold-ups of banks were reported during that period, and that, only two of the eight were against A.B.A. members.

Institute's Chicago Conference to Review Training Program and Manpower Problem

The wartime conference of the American Institute of Banking, which will take the place of the 41st annual meeting of the Institute at the Drake Hotel in Chicago, June 9-10, will be devoted primarily to the essential business of the Institute and a study of its training program and the manpower problem which confronts the banking system in this war period, according to a pronouncement of the A.I.B. Executive Council.

Council Statement

The statement issued by the Council follows:

"This meeting will be held for the purpose of reviewing the Institute's training program and the manpower problem which confronts our banking system during the wartime period.

"For over 42 years the training of bank personnel has been the fundamental purpose of the American Institute of Banking, and this work is now more essential than ever. At the wartime conference, therefore, plans will be discussed to overcome the serious difficulties caused by the loss of trained personnel and to assist the banks in broadening the scope of their contribution to the war effort.

Attendance Limited

"Attendance at this conference is being restricted in accordance with the request of the Office of Defense Transportation and in full realization of the burdens being placed upon the transportation facilities of the nation."

Delegates will be dinner guests of the Chicago Clearing House banks on the evening of June 10.

Although the general policy of the Institute is to limit attendance at the Chicago wartime educational conference to one delegate from each chapter, if the interests of the chapter necessitate a larger representation, additional members may be appointed as official delegates.



David E. Simms, A.I.B. President

Social Security Group Established by A.B.A.

A special A.B.A. Subcommittee on Social Security has been named by President W. L. Hemingway. It will be a subcommittee of the Committee on Federal Legislation, of which A.B.A. Vice-president A. L. M. Wiggins is chairman.

The function of the new group will be the continuing study of information, opinion and proposals bearing on this subject and the development of appropriate material.

The subcommittee consists of five members under the chairmanship of Rudolph E. Reichert, president, Ann Arbor (Mich.) Bank, formerly banking commissioner of the State of Michigan. Serving with him are: Carl W. Fenninger, vice-president, Provident Trust Company, Philadelphia; Tom K. Smith, president, The Boatmen's National Bank, St. Louis; L. A. Tobie, president, Meriden (Conn.) Savings Bank; and C. C. Wattam, secretary, North Dakota Bankers Association.

New Talks Series Is Ready for Bankers

Three new radio and platform talks for use of bankers in selling War Bonds have been written by the A.B.A. Public Education Committee, under the direction of William T. Wilson.

The titles of the talks are: "Keeping Faith With the Men Who Fight"; "Now That the Tide Has Turned"; "Plugging the Leak in the Dike."

New A.B.A. Personnel Study Covers Practical Manpower Problems Encountered by Banks

"Personnel Administration in Wartime Banking," a 127-page study published last month by the American Bankers Association, includes, in addition to a digest of the proceedings of 11 bank manpower clinics held throughout the country last Fall and Winter, a discussion of British and Canadian manpower experiences, as well as Selective Service, salary stabilization, and 48-hour week developments in this country.

The bank manpower clinics were under the direction of William Powers, A.B.A. deputy manager in charge of the Customer and Personnel Relations Department. Topics covered by the study, other than those already mentioned, include: Wartime Banking, Shifting Manpower, American Manpower Control, Maintenance of Bank Staffs, Deferment Experience and Procedure, Manning Table Plan, Grants to Servicemen, Sources of Staff Replacements, Pooling Bank Personnel, Hiring Policies, Women in Bank Work, Training Programs, Suggestion Systems, and Salary Scales and Overtime Rates.

Participants

Forty-eight bank operating and personnel officers participated in the manpower clinics as discussion panel members. They, together with 1,400 bankers who attended the clinic sessions and offered comment from the floor, outlined the manpower problems now confronting banks and suggested how they were being met. Here are a few examples of the questions discussed at the clinic and covered in the new study:

Questions

"Have any of your staff members been asked by the United States Employment Service to consider voluntary transfer to a job in war industry?"

"Have you had any experience with local Selective Service boards on temporary deferments of any of your 'necessary men'?"

"What are banks in critical areas doing about the 48-hour week?"

At the end of the discussion on each question, Mr. Powers gives a summation.

Ads Promote Use of Bank Money Orders

A.B.A. Form Publicized in New Media Series

A series of four newspaper advertisements, a two-color folder for distribution to customers, and a two-color lobby display card to promote the use of bank money order by non-checking account customers has been completed by the Advertising Department of the American Bankers Association.

The newspaper advertisements stress the fact that non-customers are privileged to buy the money order and take advantage of its economy, safety and simplicity.

In transmitting samples of the money order promotion material to the membership, William A. McDonnell, chairman of the Bank Management Commission, said:

"In November 1942 each member of the American Bankers Association was sent a copy of Commercial Bank Management Booklet No. 26—'Bank Money Order.' The booklet carried samples of the money order, together with a discussion of internal operating procedure. This was sent because the Bank Management Commission felt that the service of supplying the public with money orders was one which banks should provide and that here was an opportunity for banks to augment their incomes.

"If the public is to become aware that banks are issuing these bank money orders it will be necessary for the banks themselves to make it known to their customers through their various advertising media."

Banks Report Personal Loan Delinquencies

The Consumer Credit Department of the American Bankers Association first undertook monthly surveys on delinquency experiences of banks with personal loans in May 1941. A representative group of banks in all sections of the country report percentages of their total number of personal loans delinquent, by classification, as of the end of each month.

The average percentages below are arithmetical, that is, each bank has equal influence in determining the averages. Figures for a large bank carry the same weight as for a small bank. September 1941, the month in which Regulation W became effective, was selected as the base period for the relative figures. Herewith is the tabulation by months.

Delinquent Loans Percentages

- (1) Average percentages of the total number of personal loans outstanding at end of month, by classifications.
- (2) Relative of average percentages of personal loans delinquent at end of month (September 30, 1941 = 100)

	1-4 days		5-14 days		15-29 days		30-59 days		60-89 days		90 days and over		Matured loans		Soldiers and Sailors Act	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
1941—May	1.228%	87	1.425%	98	1.213%	113	.712%	111	.377%	114	.465%	101	.656%	77	.122%	46
June	1.478	105	1.603	110	1.710	159	.622	97	.277	84	.461	100	.737	86	.198	74
July	1.478	105	1.603	110	1.176	109	.622	97	.359	109	.456	99	.748	87	.198	74
Aug.	1.315	93	1.568	108	1.243	115	.765	120	.423	128	.531	116	.748	87	.198	74
Sept.	1.413	100	1.451	100	1.077	100	.640	100	.330	100	.459	100	.856	100	.266	100
Oct.	1.224	87	1.539	106	1.212	113	.617	96	.306	93	.494	108	.786	92	.267	100
Nov.	1.428	101	1.517	105	1.183	110	.678	106	.317	96	.495	108	.786	92	.270	102
Dec.	1.644	116	1.997	138	1.259	117	.758	118	.455	138	.476	104	1.261	147	.388	146
1942—Jan.	1.617	114	1.832	126	1.487	138	.858	134	.526	159	.537	117	.871	102	.494	186
Feb.	1.185	84	1.816	125	1.299	121	.854	133	.469	142	.633	138	.732	86	.414	156
Mar.	1.426	101	1.611	111	1.394	129	.838	131	.481	146	.575	125	.747	87	.301	113
Apr.	1.378	98	1.507	104	1.138	106	.769	120	.431	131	.520	113	.784	92	.352	132
May	1.234	87	1.507	104	1.384	129	.794	124	.502	152	.528	115	.754	88	.389	146
June	1.714	121	1.861	128	1.538	143	.937	146	.472	143	.608	132	.897	105	.334	126
July	1.467	104	1.587	109	1.363	127	.812	127	.507	154	.680	148	.954	111	.455	171
Aug.	1.523	108	1.880	130	1.351	125	.882	138	.447	135	.689	150	.905	106	.453	170
Sept.	1.183	84	1.491	103	1.259	117	.786	123	.415	126	.578	126	.916	107	.460	173
Oct.	1.398	99	1.549	107	1.256	117	.822	128	.340	103	.592	129	.832	97	.626	235
Nov.	1.517	107	1.531	106	1.314	122	.805	126	.446	135	.547	119	.997	116	.626	235
Dec.	1.638	116	1.931	133	1.415	131	.964	151	.505	153	.600	131	.909	106	1.008	379
1943—Jan.	1.558	110	1.588	109	1.303	121	.828	129	.440	133	.647	141	1.108	129	.731	275
Feb.	1.908	135	1.676	116	1.280	119	.888	139	.533	162	.713	155	1.091	127	.755	284

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

- June 9-10 Wartime Conference of the American Institute of Banking, Chicago
 June 14-26 The Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
 Beginning Sept. 12 American Bankers Association, War-time Conference, Waldorf-Astoria, New York City

State Associations

- May 5-6 Arkansas, Arlington Hotel, Hot Springs
 May 6-7 Oklahoma, Oklahoma City
 May 8 New Mexico War Conference, Albuquerque
 May 11-12 Tennessee, Read House, Chattanooga
 May 14-15 New Jersey, Pennsylvania Hotel, New York City
 May 17 North Carolina, Raleigh
 May 18-19 Mississippi Wartime Conference, Hotel Heidelberg, Jackson
 May 19-20 California Wartime Conference, Ambassador Hotel, Los Angeles
 May 19-20 Pennsylvania Wartime Membership Meeting, Hotel Bellevue Stratford, Philadelphia
 May 20 Alabama, Birmingham
 May 20-21 Maryland, Baltimore
 May 21 New Hampshire, Carpenter Hotel, Manchester
 May 22 Kansas, Topeka

- May 25-27 Texas, Ft. Worth
 May 26 Ohio, Deshler Wallick Hotel, Columbus
 May 26-28 Illinois, Palmer House, Chicago
 May 26-27 Indiana, Indianapolis
 June 4-5 District of Columbia, Mayflower Hotel
 June 9-10 Virginia, Richmond
 June 10-11 Missouri, Jefferson Hotel, St. Louis
 June 12 Utah, Salt Lake City
 June 16-18 Minnesota, Hotel Nicollet, Minneapolis (tentative)
 June 19 North Dakota, Fargo
 June 19 West Virginia, Daniel Boone Hotel, Charleston
 June 19 Wyoming, Casper
 June 21-22 Montana, Northern Hotel, Billings
 June 23 Colorado, Wartime Banking Conference, Denver
 June 23-24 Wisconsin, Milwaukee
 June 25-26 Michigan Wartime Business Conference, Grand Hotel, Mackinac Island

Other Organizations

- May 6-7 Business meeting, National Association of Mutual Savings Banks, New York
 May 17-18 Industrial Bankers Association, Edgewater Beach Hotel, Chicago
 June 22-24 Financial Group, Special Libraries Association, War-time Conference, Hotel Pennsylvania, New York City



WIDE WORLD

\$70 Billion This Year Treasury Secretary Morgenthau in a nationwide radio broadcast launching the \$13 billion April War Loan campaign said the Treasury plans to borrow \$70 billion this year. Governor Dewey with the Secretary at Carnegie Hall, New York



WEIMAN & LESTER

Distinguished Services A. B. A. Treasurer Augustine, Vice-president Wiggins and President Hemingway accept a Treasury citation from Nevil Ford and Lewis E. Pierson, New York State Savings Staff, for the Association's distinguished services to the War Savings program

Your Dollars to Win

In a nationwide radio broadcast asking public support of the Government's Second War Loan campaign, A. B. A. President W. Linn Hemingway said, in part:

"There will be no shortage of money to finance this war because the banks have assured the Government that they will buy as many bonds as necessary. But if this sum of money is raised in the sound way, it must be raised through the sale of government bonds to the public. . . .

"The banks of this country through the American Bankers Association are working shoulder to shoulder with the Treasury Department to promote the sale of government bonds. They are giving their facilities and the services of their staff members to this important job because they believe that the purchase of government bonds by the American people is essential to economic stability as well as to the winning of the war.

"The governing body of the American Bankers Association

at its meeting which is now being held (April 12) here in New York passed the following resolution:

"RESOLVED that it is to the best interests of the country that the Government's financial needs be supplied directly by the people to the greatest extent possible and to that end we pledge our full support to the Treasury's campaign for the sale of government bonds. We also assure the Treasury of the willingness of the banks to purchase the amounts of government securities necessary to supplement sales to the public."

"In this all-out war none of us can afford to sit on the sidelines and let the other fellow take over. Our men in the armed forces are staking everything they have on this war. The least we can do is to give them everything they need to win it. They are giving the last full measure of devotion. Can we, then, do less than lend our money?"

Kick-Off President Roosevelt opened the \$13 billion April War Loan campaign by personally selling bonds to the White House staff and by calling upon the people at large to heed the slogan—"They give their lives, we lend our money." Messenger John Pye gives the President cash for the first War Bond as Admiral William Leahy, Secretary Morgenthau and others await their turn

HARRIS & EWING

Bonds for Uniforms The Women's War Savings Committee April War Bond goal exceeded \$300 million—the cost of clothing and equipment for two million enlisted men. Major Streeter (Marines), Lt. Comd. Stratton (SPARS), Lt. Comd. McAfee (WAVES), and Col. Hobby (WAACS) buy bonds from Harriet Elliot, director, Women's War Savings, and Mrs. Henry Morgenthau, Jr.

INTERNATIONAL NEWS





Ration Banking Committee



Bank Management Commission

People You Know

THE Executive Council of the American Bankers Association, meeting in New York last month, studied the war-time problems that confront the country's banks and its economic system.

Government competition with banks in farm credit, the personnel crisis as it affects banking institutions, the increase in bank operational activities, post-war planning, and the financing of the war—with particular reference, of course, to the Second War loan—were among the many subjects considered by the Association's governing body on behalf of the entire membership.

Administrative affairs were also considered, and the Council, among other things, decided on an annual convention of the Association, to be held in New York City next September. Last year's convention was canceled because of the transportation situation.

The Council heard reports on the Association's entire program, comprising the work of its Councils, commissions, committees and divisions, all of which are helping banks solve the problems created by the war.

On this and the following page are pictures of Council members at work. News about the meeting is on page 33.



The dais—President Hemingway welcoming members to the opening session of the Executive Council. At Mr. Hemingway's right is Secretary Richard W. Hill and at his left, Vice-president A. L. M. Wiggins and Treasurer W. F. Augustine



National War Loans Committee



Economic Policy Commission



Introduction of new Executive Council members



State Bank Division

People You Know

(Executive Council Continued)



Membership Committee



State Secretaries Section

Additional Executive Council pictures will be found on pages 10, 12 and 33 of this issue

Insurance and Protective Committee

Agricultural Commission

EXECUTIVE COUNCIL PICTURES BY BANKING





REDMAN

"Banking's Part in the War Effort and the War's Effect on Banking" was the theme of a panel discussion arranged by the Public Relations Committee of Cleveland Chapter, A. I. B., for local high school faculties. Above, the audience that heard panelers Dr. William A. Irwin, national educational director, A. I. B., and Cleveland bankers Kenneth H. McKenzie, Anthony A. Poss, George A. Herzog, Henry Dearing, Irving W. Distel, and Arthur F. Young.

★

A group representing the A. B. A. Federal Legislative Committee, Subcommittee on Agricultural Credit, Food-for-Freedom Committee and Agricultural Commission, right, met in Washington to consider farm credit and future steps in opposing Federal lending competition. Left to right, seated, Charles T. O'Neill, A. L. M. Wiggins, John E. Wise; standing, Howard Hambleton, E. L. Boston, and R. N. Downie.



HARRIS & EWING

★

The annual faculty and alumni meeting of The Graduate School of Banking was held in New York on April 3. At right, left to right, I. Franklin Betts, Shreveport, La., president of the class of 1941; Howard R. Mears, Jr., New York, chairman of the alumni dinner arrangements committee; Dr. Paul F. Cadman, A. B. A. economist and G. S. B. lecturer; and Dr. Harold Stonier, G. S. B. director.

★

Leading bankers spoke on a series of radio programs over Station WNYC, New York, on the subject "Your Dollar Goes to War," directed at high school students. New York Chapter, A. I. B., and New York City's Board of Education co-sponsored the programs. Below, left, Richard C. Patterson, Jr., chairman, New York War Savings Staff, with a student. Right, below, a high school economics class listening to Col. Patterson.



COURTESY BOARD OF EDUCATION, CITY OF NEW YORK



Some Ration Banking Kinks

WITH the statement by Prentiss Brown, Administrator of the Office of Price Administration, that no new major rationing programs were contemplated in the near future, nationwide ration banking completed the introductory phase of its operation. The immediate job ahead, according to the American Bankers Association Committee on Ration Banking, is to establish ration banking on a routine basis and to simplify operations, consolidate and reduce the number of accounts, readjust the reimbursement schedule, and coordinate all rationing activities that affect the banking procedure.

Gratifying progress has already been made in this direction. Many of the troublesome problems that appeared in the early operation of the nationwide plan have been solved, and it is believed satisfactory answers will be found for the others. The most disturbing factor to appear shortly after the starting programs were launched was the abuse of the optional provision by wholesalers. Where the option was permitted to work it proved satisfactory both to the merchants and the banks. Pressure tactics by wholesalers, however, which were designed to force small retailers into the banking operation caused a great and unexpected burden to be thrown on the banks.

Small Dealers Forced to Open Accounts

Another type of small dealer was forced into the banks in great numbers by flaws in the rationing process. These were the small restaurants, hotels, bakeries and other establishments which are required to purchase small quantities of rationed commodities through the use of a single certificate from a local war price and rationing board. Most of these operators had to buy their goods at different times and from various suppliers. They found it was impossible to do this with one certificate and sought relief by opening ration bank accounts. Banks generally recognized their problem and went out of their way to take care of the men who comprise "small business" in this field. The load on the banks, however, was heavy and the expense of operation increased.

Another irritation was caused by the inability of small dealers to use ration checks which they had received, usually as refunds from wholesalers when orders could not be filled completely. Here again the small merchant was frequently forced to open a bank account in order to utilize his credits.

When the full impact of the major programs now in operation was felt by the banks it became evident that the reimbursement schedule was not wholly adequate to meet the cost of operation. Later the reimbursement question was complicated and a new operating problem created by the switch from gummed sheets to temporary envelopes as a means of handling coupons and stamps offered for deposit.

The American Bankers Association long urged the OPA to revise its regulations to relieve the banks of

To All Banks Participating in Ration Banking:

YOU are doing a characteristically thorough job in handling the ration banking program. In doing so, you are making an invaluable contribution to our efforts to bolster our economy against the stresses of war. As a bank officer and director and one who continues to have an interest in banking matters, I am quite aware of the many problems that face you. After becoming Administrator, I looked into the role that the banks were playing in the rationing programs and was delighted but not surprised to discover that in spite of personnel and other problems, you have taken on this additional task cheerfully and willingly.

Since thought was first given to the need for ration banking, we have enjoyed excellent relations with the banks both individually and through their state associations and the American Bankers Association. We have made a practice of working closely with these groups, particularly a special committee appointed by the American Bankers Association, and we intend to continue this practice. This committee has worked with us constantly and has offered friendly and constructive criticism at all stages. It has been quick to point out the mistakes we have inevitably made and has been patient in helping us to avoid many others.

Rationing is dynamic by nature and new conditions frequently require changes in our plans almost overnight. We try to keep these changes from affecting the ration banking program as much as possible. There will be occasions, however, when changes become absolutely necessary, and we ask you to bear with us in what we hope will always be steps toward perfection. Aside from these unforeseeable matters, there are certain other changes that we are planning to make and it occurs to me that you may be interested in knowing what they are.

The ration banking plan has now reached maturity. We began with gasoline, sugar and coffee, in order to gain brief experience for the incomparably more difficult job of handling processed foods and meat. Now that they, too, are under way, we believe we can iron out some of the difficulties which have inevitably arisen. This letter will constitute my assurance, if such is needed, that we will continue to work in that direction. May I take for granted your continued cooperation?

PRENTISS M. BROWN

these burdensome and frequently unnecessary duties. At its meeting in Chicago in mid-March it outlined specific recommendations for the solution of all major problems. These were submitted to the Office of Price
(CONTINUED ON PAGE 83)

More Food—and More

C. W. BAILEY

MR. BAILEY, chairman of the A.B.A. Food-for-Freedom Committee, is president of the First National Bank of Clarksville, Tennessee, which is widely known for its successful banker-farmer program.

THE Food-for-Freedom Committee has functioned actively, first in the development of an action program for the A.B.A., and then in getting the program across to the banks, pointing out how they could render all-out support of the Government's war effort of food production. A manual, "How Banks Can Assist in the Food-for-Freedom Program," was prepared by this committee to assist banks in an understanding of the program and how they could further marshal their resources to serve the credit needs of agriculture.

In presenting the manual, the committee pointed out that the Food-for-Freedom program represented the greatest productive effort in the history of American agriculture. It stressed the fact that it was a farmer's program—not a banker's—but that it was up to the bankers to help their farmer-customers make the program effective in every community.

A Nationwide Program

Our committee met in joint conference with the Agricultural Commission in St. Louis and agreed upon a plan of action which has been submitted to the agricultural committees of state associations. It includes these five points:

1. Recommend that an officer in every bank be named to take charge of all matters that pertain to agricultural wartime financing of agriculture.

Food-for-Freedom means food for soldiers. These American boys are somewhere in North Africa



PRESS ASSOCIATION

2. Urge banks to assume leadership in organizing the community's financial resources so that farmers may be assured of the credit facilities needed for attaining the 1943 production goals.
3. Cooperate with other agencies and organizations to insure that every farmer and agricultural worker in every county is fully informed of the part that banks are willing to take in the Food-for-Freedom program.
4. Banks should explore every available agricultural resource in their community and encourage and assist in developing it to its most efficient use.
5. Insist that banks become "record conscious"—conscious of the record of agricultural loans being made by the banks in every county. These county loan data . . . reveal the contribution which banks and other agencies are making to the credit needs of farmers in support of the Food-for-Freedom program.

The RACC Fight

Immediately following the conference in St. Louis, the Department of Agriculture announced the revival of the Regional Agricultural Credit Corporation as an over-all credit source to finance farmers, for the production of food, and with loans at 5 per cent to be made by a politically appointed committee of two who would set up an office in each county in the United States. While the representation was made that farmers would be asked to utilize the RACC only when there was no other source of credit available, it has not worked out that way.

The A.B.A. officers were on top of this problem immediately following the announcement of the revival of the RACC. Assistance and support were rendered Senator Wherry of Nebraska in the presentation of his resolution before the Senate committee in which he asked for the elimination of the RACC and the curtailment of government in all of its business activities. This resolution was unanimously referred to Senator Byrd's Committee on Reduction of Non-Essential Federal Expenditures. BANKING's readers know of the hearings held before this committee and the part the A.B.A. played in it.

In support of the Byrd recommendation that the RACC be eliminated, three bills have been filed—one in the Senate was referred to the Committee on Banking and Currency.

The next step? Well, it is to continue fighting—fighting to render the greatest amount of assistance to our farmers who face a tough battle of production on the farm front this year; fighting to prove that the credit needs of worthy farmers can be the better served by commercial banks than any government agency; fighting to see that the membership of the A.B.A. is solidified in its support of the A.B.A.'s position on socialized credit and governmental subsidized credit.

With Mud on His Boots

JUD FARMER

It's not often that BANKING gets a contribution from one of the large and unsung group of people who call on banks as representatives of industries. In this case the story of a banker quietly going about his job of serving the farmers in his community comes from a field representative of Allis-Chalmers Manufacturing Company and we publish it because it tells a timely little story.

IF you were to find R. E. McCormick walking across a muddy Illinois farmyard carrying a gallon of used crankcase oil to a farmer you would hardly take him to be a bank president. And if you were close enough to hear the farmer greet him as "Bob" and begin talking voluntarily about crops and livestock, you would be even less apt to label Mr. McCormick as a bank executive. But this Illinois man wouldn't be concerned with what you did or didn't think. His achievements speak for themselves.

Bob McCormick has proved to the farmers around DeKalb, Illinois, that their local bank, the DeKalb Trust and Savings Bank, is better equipped to meet their needs than any other organization. He has made this bank, which he heads, a real financial center for this thriving corn belt county. And he has become so intimately acquainted with the business of farming that he can give unusual service to his depositors without violating the fundamentals of sound banking.

The DeKalb Trust and Savings Bank didn't "get that way" by accident. It has reached its enviable position by a combination of initiative, hard work, and an honest desire to serve. Bob McCormick's country visits, with a can of used crankcase oil for a calling card, are typical of this spirit. Many bankers limit their knowledge of a farmer's business to what appears on a financial statement; some study farming more carefully, but not every banker is so closely conscious of farm needs that he realizes there are a dozen farm uses for the oil a city man drains from his car every 1,000 miles.

He Knows Farmers

McCormick's unusual knowledge of the farmers in his territory dates back to 1934, when his bank was one of the first in the area to handle farm machinery financing.

"We were a little hesitant at the start," McCormick confesses. "We received no criticism from banking authorities, but other bankers tried to discourage us because they did not think farm machinery paper was good. We were cautious for that reason and thought it wise to interview the farmer before we took the paper from the dealer. We hesitated about calling on a farmer to discuss it with him as we did not know how he would take such a visit, but we soon learned that our fears were unfounded. We discovered that the farmer was glad to have us visit him, and that our visits to discuss

his financing of farm machinery opened the way for other financing, such as the feeding of livestock.

"To date we have handled about \$300,000 worth of farm machinery notes, and expect to continue handling them," McCormick declares. "It has brought us closer to our farmer customers and has been the foundation of a lot of business we might never have had."

The DeKalb Trust and Savings Bank has found, too, that farm machinery notes are a good investment as well as an opening to more farm business.

From the beginning, Mr. McCormick made it a policy to make every deal stand on its own merits rather than on the implement dealer's obligation to make good. "We buy paper with dealer's recourse only to have an outlet of resale in the event that repossession of the machinery is necessary," he explains.

At first the DeKalb bank insisted on a down payment of at least one-third, with full payment within 24 months. Trade-ins were allowed as part of this initial down payment. Now, however, after nine years of financing the purchase of farm equipment, the DeKalb bank has relaxed its down payment requirements somewhat, especially in cases where an additional payment can be made at an early date. In such instances the bank may also hold back part of the settlement to the dealer until the second payment is made. "Possibly 5 per cent of our farm equipment deals have such a hold-back," the president estimates.

Coordinate Payments With Income

He feels that much of the bank's success in farm financing is due to careful coordination of payments with seasons of largest farm income.

"We always try to set maturity dates according to the farmer's income dates. When this is done, we find that payments nearly always work out according to schedule and that very few extensions are necessary," he states. "Though our maximum time is still 24 months, our average maturity has been 15 months. We have very few past due payments."

Mr. McCormick has learned to respect the business judgment of many farm equipment dealers and has high praise for the field representatives.

From the first, the DeKalb Trust and Savings Bank has made it a practice to be sure that the farmer understands who is financing his farm equipment purchase.

"We usually found the deal exactly as the dealer pictured it," the president says, "but in some cases the dealer had promised that the note would be renewed if necessary, and in that case we made a definite agreement with the farmer as to the time of the extension. Here again, we arranged this according to the farmer's income program, so that the date of payment would coincide with his crop income, the sale of his livestock, etc."

There are 5 "Mr. Grocers" now



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HE used to be just one "Mr. Grocer," the dollar banking one. And your staff was normal.

But now your staff is changed... and, suddenly, Mr. Grocer is not one account, but five. He's "banking" sugar, coffee, canned goods, meats, and fats, as well as dollars. And Mr. Oil Man, Mr. Shoe Store, and Mr. Department Store also have new accounts...

Plain dollar banking is difficult enough to handle with new, inexperienced wartime replacements. And, when the items involved become points and pounds and coupons, as well as dollars, the bank's smooth prewar routine becomes

disrupted... mistakes tend to creep in... and it takes longer, and costs more, to keep these multiplied accounts.



But these problems are minimized in the thousands of banks where Recordak has been installed... ration banking underscores the advantages and savings of the Recordak Photographic System of Single Posting.

With Recordak, ration bookkeeping is just like dollar bookkeeping. It's photographic; hence, dollars or sugar or coffee or anything else is handled with equal speed and accuracy. And, in ration banking, just as in their dollar banking, Recordak-equipped banks save up to 33⅓% in labor... 45% net in per item costs... 50% in supplies... and 98% in storage space. At the same time, it is easier to break in new workers, and to find the mistakes they're almost bound to make. Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

One of a
series on

RECORDAK

contributions to better
banking in wartime

How War Spurs Bank Activity

JOHN L. COOLEY

THIS article is based on figures. You can, they say, prove anything by figures—but we're not trying to prove a single thing.

We're only going to show you a sampling of increased bank activity in the course of the past war year. We offer these data as a pertinent sign of the times rather than as a Q.E.D. of what every banker knows. After all, you don't have to *prove* that today is Monday, or that two plus two equals four, or that the United Nations are going to win. Some things just *are*, as every banker knows.

Interested in a tentative measurement of the rise in bank activity in wartime, this magazine made a tour by mail and looked in on nearly 400 banks in every section of the country—war production zones as well as areas more lightly touched by the war. We asked for a few figures on the approximate percentage of increased business over the preceding twelvemonth in these departments: Bookkeeping, proof, transit, clearing, paying and receiving, War Savings Bonds and payroll deductions, and safe deposit. We also asked about ration banking's contribution to busier times.

Well, the replies were still coming in as this was written, so a complete tabulation isn't possible. But we can report that:

Eighty banks had an average gain of 44.1 per cent in paying and receiving activity. Individual increases ranged from 5 to 400 per cent over the previous year.

Fifty-nine banks had an average 36.3 per cent rise in safe deposit business. The range was 4 to 300 per cent.

Fifty-seven banks' sales of War Bonds and payroll deduction activity averaged 94.4 per cent higher. Many reported an expansion of 100 per cent or much higher.

In 80 banks the gain in proof departments ranged from 1 to 300 per cent, the average being 35.4 per cent.

Bookkeeping jumped 37.9 per cent in 90 institutions.

The low estimate here was about 4 per cent, the high 300 per cent.

Transit and clearings showed an average increase of 33.2 per cent. The range was about the same as for the other operational departments.

SOME qualifications are in order, even though these figures aren't offered in proof of anything.

In the first place, the percentages are simple arithmetical averages of the increases reported; there is no weighting to compensate for the size of the bank, its location or other factors that might influence the result.

Also, in some cases it was difficult or impossible to determine whether the bank was reporting dollar or unit volume, so that gains in all cases are probably not strictly comparable.

And some banks, it must be added, said there had been virtually no increase in any of the categories except War Bonds; a few even reported slight decreases.

Anyway, there are the figures. No doubt they tell you nothing new, and it's quite possible that your bank can show larger gains, especially if you are in a "critical" area or near an Army camp. (As a matter of fact, one bank in an important industrial zone reported a rise of 1,810 per cent in War Bonds-payroll deductions; we didn't include this one in the average because the rise was quite out of line, although increases of 100 to 300 per cent were scattered through the returns under this heading.)

HOWEVER, the story is not only the statistics, but the comments of the bankers who reported them. Even more, perhaps, it's the background of the whole picture.

For if every banker knows that banking is busier, he also knows that the expansion in activity has come during a period of low earnings and of a critical personnel



The Rhode Island Hospital State Bank of Providence has allotted a special section of its lobby for war banking services. There are separate windows for cashing payroll checks, bond and stamp purchases, ration banking accounts, etc.

Here's a busy day scene in the lobby of the United States National Bank at Portland, Oregon



shortage. As one banker wrote, "In the face of all this activity and increased costs, our loans and assets are at an all-time low and it seems that no improvement is in sight."

Many letters commented on the manpower shortage and the difficulties of training new staff members at a time when every department was being strained to accommodate the larger volume of business. And one banker made this observation which we're italicizing so that you won't miss it:

"We feel that our clerks are doing as much to promote the winning of this war as a great many of the employees in the defense factories."

As for ration banking, that subject is being covered elsewhere in this issue, but the comments of many bankers who cooperated in our survey are worth noting.

"In a city of this size," wrote one, "with only two commercial banks in the central part of the city, we are going to be handling the ration banking for the various commodities on behalf of wholesale houses, retail stores, taverns, restaurants, hotels, school cafeterias, church organizations, hospitals and various other food dispensing organizations. We believe that this growth of business will draw on us very heavily for personnel, working space, filing cabinets, mailing expense and other supplies."

"The ration banking department," said another, "employs the full time of three clerks at present, but we anticipate the necessity of considerable expansion in the immediate future. The income from the activity of this department will just about pay for the salaries and supplies used."

One bank estimated that ration banking had increased its over-all working time about 5 per cent.

"Ration banking work now takes practically all of the time of one of our tellers," said a small institution.

Here are some briefer reports:

"Ration banking is now absorbing 3 per cent of our employees."

"If rationing is extended it is going to become a real problem which will require the establishment of a separate department."

"Three senior men and one girl are assigned to ration banking, with extra help in the peak periods."

"Ration banking has added 2 per cent to our work in

two months. We anticipate an increase of not less than 5 per cent in the next 60 days."

BUT ration banking doesn't account for all of the increased activity. The largest gain has been in the sale of War Bonds, including payroll deductions in connection with employee savings plans. V-loans, the cashing of war workers' checks, the demand for safe deposit boxes for storing War Bonds, and the many other familiar war services that banks are performing are reflected in the percentage gains which, in the case of at least one bank, "do not adequately indicate the increased work within the bank; we have so many strangers in connection with war activities here, and the constant problem of accommodating them without undue risk to ourselves has added much to the work of our officers." Another bank said that the increase in operations in the tellers' cages and the bookkeeping, transit, statement, filing and clearing departments "has been almost beyond belief and we would not know how to express it on a percentage basis."

A large bank pointed out that it "should be understood in connection with any conclusions reached from an analysis of these figures that some of them represent operations that are repeated several times.

"For example," it continued, "in giving the number of checks and deposits handled by bookkeepers it should be borne in mind that the work of proof and distribution requires handling by several groups, which necessitates one or more reports; therefore the work is multiplied to that extent."

A bank whose normal activities decreased slightly said the decline was more than offset by war work.

"In addition to the work of our officers in Victory Fund Committee drives," it reported, "the full time of approximately 19 employees is accounted for in handling routine War Bond and Stamp transactions. This does not include the work of our personnel department in handling the details of payroll deductions for the 2,307 employees who are purchasing War Bonds or Stamps on a regular basis."

THUS the banks go about their unspectacular assignment in the war. What with manpower and equipment shortages, they seem to be doing a job that warrants the "E" pennant for every one of them.

State Association Activities

'43 Conventions

To convene or not to convene—that is the question facing bankers in 1943. Heeding the urgings of ODT, five state associations have announced a conventionless year. They are ARIZONA, DELAWARE, KENTUCKY, NEW YORK and NORTH CAROLINA.

Streamlined one-day War Conferences are planned by 15 other associations, while an additional 15 have announced forthcoming two-day events. Those passed and others yet to come follow the "shirtsleeve" formula—all work, no play.

"X" Per Cent Problem

The MISSOURI BANKERS ASSOCIATION sums up its case in support of pending legislation which seeks a change in small loan discount procedure in a booklet, titled "The Cost Will Be Based on the Decreasing Thickness of the Seat of the Pants." The banks' brief is based on the fact that existing statutes allow lenders other than banks to charge up to four and more times per dollar per year: evidence that it recognizes current bank rates as unprofitable. These same statutes favor a per cent per month system which the average borrower finds impossible to "sit down" and figure out.

The bill asks no change in the dollar cost of a small bank loan, which is set at a maximum of 8 per cent per year, but merely a change in the collection of interest from the closing to the making of a loan. According to the booklet, this represents the difference between a profit and a loss on doing business. In contrast with the other system, it illustrates the simplicity of figuring costs on a bank loan and the obvious overall savings to the borrower.

Banking's "E"

To control soil erosion—the state's biggest farm problem—the OKLAHOMA BANKERS ASSOCIATION employed a corps of engineers to instruct farmers in land terracing and made country road machinery available to assist them in the job. Periodic meetings were held throughout the state to pass along other practical suggestions for combating this menace. As a reward to those farmers who correctly and efficiently carried out the program of soil conservation, the association issued certificates of award, which have come to mean as much as the Army-Navy "E" to local farm owners.

Contest

Among the many efforts initiated by the UTAH BANKERS ASSOCIATION to publicize Food-for-Freedom is a letter writing contest open to high school students. County districts have been organized to offer local awards. Winners in the final state judging will receive War Bond prizes and a personal citation by the Secretary of Agriculture. The contest is being directed by the agricultural committee of the association, the Utah State Department of Education, and the Utah State

USDA War Board. The choice of subjects are: "What Our Farm Is Doing to Produce Food-for-Freedom" or "How Our Home Is Helping to Conserve Vital War Foods."

Auditing Procedure

The drain on manpower together with the increasing responsibilities of wartime service has prompted the WISCONSIN BANKERS ASSOCIATION to organize a special committee on bank auditing procedure. This group will offer suggestions in the control of operations and prevention of losses, dealing with dual control of securities, control of cash, checking of expenses, etc.

Meet the State Secretaries

LOUISIANA'S

R. IRBY

DIDIER



HE was born of French-speaking parents, on Lincoln's Birthday 1897, in the town of Marksville, Louisiana. After nine years of boarding school, he attended St. Paul's College at Covington, and St. Stanislaus College, Bay St. Louis, Mississippi.

Framing his Business Ad. diplomas and tucking them neatly away in a trunk, Irby set out for business, first with the Missouri Pacific, then a wholesale grocery firm, then as court reporter and deputy clerk of the Marksville Court, later as bookkeeper and cashier of the Avoyelles Bank and Trust Company.

In 1933, he joined the FDIC as assistant examiner, was later promoted to examiner with headquarters at Atlanta. While on this post he served the Division of Liquidation as claim agent in the district. He joined the Louisiana State Banking Department in 1939, and was promoted to chief examiner the following year. In August 1941, he was chosen the first full-time secretary of the Louisiana Bankers Association.

His office is now on a wartime footing with programs in every direction aimed at winning the war; agriculture and War Bonds top the list. In March he launched a new state publication, *The Louisiana Banker*.

Irby is a sports fan. As a matter of fact, three major baseball leagues tried to sign him up as a rookie catcher, but he preferred semi-pro and stuck with it 14 years. He has been known to heckle "Umps" in "cajun."



I'm the Boy to Bank On

I am Daddy, the steer. I am the source of sirloin, producer of porterhouse. For a slice of my steak, homesick sailors give their first hour of shore leave, defer their first date. No longer the bully beef of other wars, but palatable though preserved in concentrated form, my body furnishes field rations for fighting men on a dozen far-flung fronts.

No other animal offers meat so acceptable to so many of the earth's peoples. No other is able to make such balanced use of grass, dry forage and corn, to utilize so fully every feed that grows on the farm. No other kind of livestock has played so prominent and so picturesque a part in the teamwork of banking and agriculture.

Never have I been so necessary to the nation, nor so sound for the banker. Not only to those who are my friends of old, but to other bankers who as yet are strangers, I bring wider opportunities to serve agriculture and America. I urge you, Mr. Banker, to look for loans that will bring carloads of steers to farmers who have corn, and carloads of corn to farmers who have steers.

* * *

This Company believes that banks can render constructive service to their country, their communities, and their customers by putting deposits to work in ways that foster food production. Loans for feeds and feeders, seeds and fertilizers are examples. So is the financing of farm machinery that speeds up field work, saves precious hours to care for cattle, swine, sheep and poultry. Case dealers, familiar with farmers and farming, can suggest suitable places for such loans. J. I. Case Co., Racine, Wis.

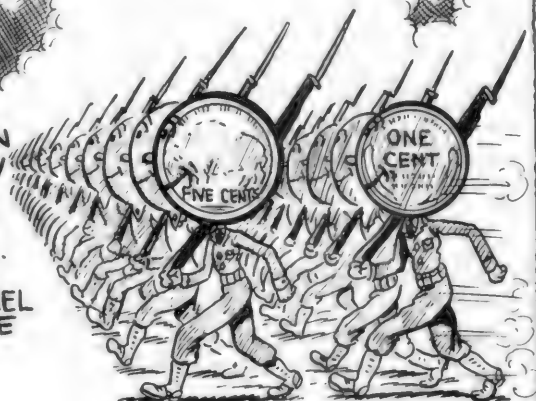
CASE

SERVING AGRICULTURE *Since 1842* IN PEACE AND WAR

METALURGENCY

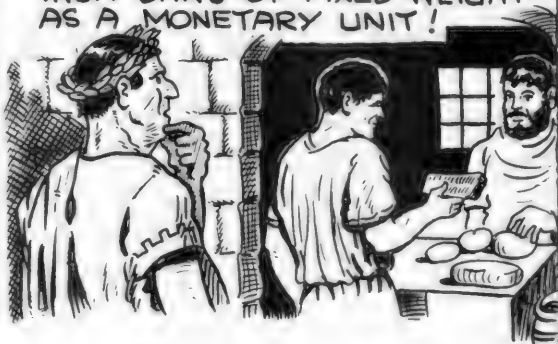
MONEY GOES TO WAR!

THE FIGHTING DOLLAR IN THE FRONT LINE OF PRODUCTION HAS NEW RECRUITS: THE BULLION CONTENT OF OLD PENNIES AND NICKELS IS NOW MORE VALUABLE FOR COMBAT DUTY IN WAR MATERIAL. THE NEW "COPPERS" HAVE NO COPPER; THE NEW "NICKELS" NO NICKEL IN ARMY PARLANCE, THEY WERE EX-SPENDABLE.



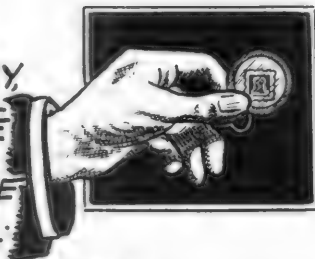
ON HIS VISIT TO BRITAIN IN 200 B.C. JULIUS CAESAR OBSERVED THAT THE NATIVES WERE USING IRON BARS OF FIXED WEIGHT AS A MONETARY UNIT!

BRONZE WAS THE FIRST METAL EMPLOYED TO MAKE COINS! THEY ORIGINATED IN THE MEDITERRANEAN DISTRICT ABOUT 750 B.C. AND WERE CHIEFLY USED TO PAY SOLDIERS' WAGES.



BECAUSE OF A SHORTAGE OF METAL CURRENCY, DURING THE CIVIL WAR, IT BECAME NECESSARY TO ISSUE "POSTAGE CURRENCY".....

IN THE FORM OF POSTAGE STAMP FACSIMILES PRINTED ON THICK PAPER.



PRACTICALLY ALL METAL MONEY DISAPPEARED IN FRANCE DURING THE FRENCH REVOLUTION. EVEN CHURCHBELLS WERE MELTED FOR CONVERSION INTO METAL CURRENCY!

Sparklers for Speakers

THE simile is one of the oldest forms of speech, and one of the most effective tools for making conversation and speeches sparkle. Webster defines a simile as "a figure of speech by which one thing, action, or relation is likened or explicitly compared, often with *as* or *like* to something of different kind or quality."

Whether one wishes to be humorous or solemn in conversation, the simile is equally effective. For example, Bob Burns once described a rather heavily ornamented woman's hat with this simile: "Her hat looked like a dish of chop suey with a choice of two vegetables," and someone once said that Coolidge "always had a look on his face as if he smelled something burning on the kitchen stove." In more serious vein, William Allen White, in "A Puritan in Babylon," used a simile to illustrate how little Vermont had changed from its early colonial days to the present. "Vermont," he said, "remained calm and sweet and lovely, like the interior of some cool museum preserving colonial life."

A United States Senator said of a political opponent who had not taken any action in the face of corruption among his associates: "He was as inert as an oyster on the beach in August." And who does not recall that vivid simile of O. Henry's: "He looked like a composite picture of 5,000 orphans too late to catch a picnic steamboat," or blunt Dr. Johnson's "A woman preacher is like a dog walking on its hind legs. It is not done well; but you are surprised to find it done at all."

Every one can create his own similes with a little practice, using the words *as* or *like* for the comparisons. No figure of speech is more useful than the simile in making conversation that sparkles and fascinates. Practice making comparisons by simile daily.

Next month we shall discuss "alliteration"—the tool of speech which Winston Churchill so often uses to make his addresses moving and forceful. Meanwhile, here is a miscellaneous assortment of epigrams, anecdotes, and other "sparklers":

EVEN the Government is finding out that the "get" is the most difficult part of any budget.

A business consultant is a man who tells you what is going to happen and is willing to bet your money on it.

The modern patriot: The fellow who is sincerely sorry he has but one income to give to his country.

If a man has personality and ability, he soon gets to the point where he is over-paid.

Advice is what older men offer to younger men when they no longer can set them a bad example. *Irvin S. Cobb*

He felt like the symptoms on a medicine bottle. *George Ade*

Times are good when every one has more money than he can use to buy the things he doesn't need.

The average man figures he is broad-minded. In an argument he always sees both points of view, the one that is wrong—and his own.

Poverty is no disgrace, but it's difficult to think of anything else in its favor.

War-time stenographer: "Is water-works all one word, or do you spell it with a hydrant in the middle?"

The one advantage a fat man has is that he always knows where his cigar ashes are going to land.

One primary difference between an animal and a man is that an animal doesn't keep on grabbing for more when it has had enough.

Utopia: When everyone has a house in which everyone else would be glad to live.

With many of the best baseball players in the armed services, there may be some question as to whether the Government should levy an amusement tax on the game this Summer.

A club woman asks what makes young girls run about the way they do. Of course, one answer might be that they were looking for their mothers.

The *Congressional Record* is one of the few publications that does not carry advertising—that is, paid advertising.

Our prices seem to believe there is plenty of room at the top.

Have You Heard These?

THE airline passenger was complaining about the war-time practice of drawing the curtains on airplane windows three minutes before landing and three minutes after the take-off. About to disembark, he was grouching against this "blackout." The pilot, coming down the aisle, tapped him on the shoulder, "You think it's tough on you?" he asked. "How about me, up there in the cockpit?"

Customer: "Waiter, I'm so hungry I could eat a horse."

Waiter: "You came to the right place, sir."

Teacher: "What is capital punishment?"

Pupil (whose father is a business man): "It's when the Government sets up business in competition with you, and then takes all your profits with taxes in order to make up its loss."

AN example of youthful pessimism was provided by a little Negro boy who was about to start on a railway journey. It was the first time he had ever traveled alone, and his mother told him to write his name and address on a card and keep it in his pocket. He wrote: "In case of accident, dis was Johnny Jones."

THE lieutenant received a complaint about the bread.

"Soldiers should not make a fuss about trivialities, my man," he said. "If Grant or Lee had had that bread in the Civil War, they would have eaten it with delight."

"Yes, sir," said the corporal, "but it was fresh then."

No Ceiling on Goodwill

The East River Savings Bank of New York City has long advocated "humanizing" correspondence. The attached series of letters between a civilian depositor stationed at a U. S. naval airport and the manager of one of the bank's offices is a streamlined example of the promotion of good fellowship. Maybe, after all, business is "too-business-like"—too often.

Letter 1

September 17, 1942

Dear East River Savings Bank:

Am in receipt of affidavit and letter of September 8. Upon receiving forms, scanned same hastily and decided that an earnest search for the passbook would be the lesser of two evils.

After a tedious and prolonged search of five or six minutes, located the passbook wedged between a bottle of Hanley's Ale and a package of melted cheese.



Threw the cheese out as it was moldy but retained the book as the alternative to filling out those accursed forms. The passbook is in excellent condition despite the bridge score someone has been keeping in it.

I trust the above information will stabilize the banking industry.

Yours truly,
CHARLES E. WOLFF

Letter 2

September 30, 1942

Dear Mr. Wolff:

I'd like you to know how happy we were to learn that you had found your book.

Those affidavits always get results, you'd be surprised how many books turn up due to the mailing of affidavits.

Your letter mentions that you threw out the cheese, but what about the ale? I know that under similar circumstances, I'd have consumed the ale before ripping off an answer to the bank—(next time you write tell us the rest of it).

Seriously, Mr. Wolff, your letter was of interest to a number of us. I felt that you'd like to know this and

also that more letters would be not only welcome, but answered.

Sincerely,
THEODORE J. KEGELMAN

Letter 3

October 23, 1942

Dear Mr. Kegelman:

Don't worry, I drank the ale.

I was very pleased by your letter but I must confess it shattered a long cherished illusion of mine. For years it had been my impression that bankers and their breed were of that bloodless Uriah Heepish specie of humans whose sole reason for existence was to sit somberly behind those bars and scare hell out of people. Dickens so influenced my juvenile mind that I further pictured them as living in musty attics, starving their miserable offspring and beating their wives. Come now, Sir, you can be frank with me—do you beat your wife?

Tomorrow will mark the end of my 16th month here. The doctor tells me I'm coming along fine but that I won't show any real progress until I stop beating my head against the wall. I arrived here June 1941 and have been trying to figure out why ever since. Before I left New York the home office told me not to bring too much stuff as they had a well stocked canteen here. Just take your bathing suit, they said. So, I arrived here dressed for a weekend in Havana and was greeted at the dock by a mob of men in sheepskins shouting, "sucker, sucker!" That was 4 in the morning, so the next day I made haste to locate that well stocked canteen. I found it, and it was well stocked too—with Hershey bars and cigarettes. If you tried to buy two Hershey bars they threw you out. I have since become Sears & Roebuck's best customer.

In a recently published book, "North Atlantic Patrol," by a Navy artist, the author describes this place as foggy, rainy, windy, boggy, barren, bleak, bleary, dreary, wet, damp and cold.

Seriously, though, it's really a beautiful country with lakes, rivers, mountains, sunsets, etc. It's a pity I don't like lakes, rivers, mountains, sunsets, etc.

I was quite pleased by your letter. I'm glad there are a few people in banks who are not all business. The trouble with business is that it's too business-like.

I'm sending along a withdrawal slip which I trust you will put in the proper channel. Christmas is coming and I don't propose to spend a second Christmas on this base.

If I stop any more checks my mother will begin to think this country isn't as barren as I have described it. . . .

Write again and don't forget to send the check.

Sincerely,
CHARLES WOLFF

BANKING

Letter 4

October 30, 1942

Dear Micawber:

I confess I have beaten my wife, but it was long before we were wed. In my younger days I, too, was gullible. I used to beat her unmercifully and quite without effort. Swimming, tennis, golf, anything—she always seemed a push-over.

But after the honeymoon, things gradually took on a different aspect. Day by day, night by night, life became increasingly more difficult. Being in the kind of business I was in, it took a long time for me to realize that I was slipping.

My beating days are over. I am now a very much beaten man.

I'll continue to be an advocate of wife beating; in fact I always counsel the boys "never be abusive to a customer—take their abuse, and when you get home at night take it out on your wife."

I always pity the celibates who are forced to resort to beating their heads against such inanimate objects as walls.



Really, Micawber, couldn't you bat your head on a nice 50-pound salmon? Why not pick out one of the worst looking rivers and when you see a salmon lurking, dive in at him. I'm given to understand that this can be great sport. It seems the salmon will be stunned if you manage to strike it with your forehead just behind the dorsal fin.

Getting down to brass tacks, here is your check; we've deducted that amount from your account. Perhaps the number will bring to your mind the fact that you have a bankbook. Remember it? Well, you'll find it in the cupboard where you keep the cheese and crackers and ale.

Whilst it's fresh in your mind, reach up there and get it, place it in the enclosed envelope and skip over to the post office. Put a stamp on it and mail it. Hurry before the New York State Banking Department finds that I've paid you some money—contrary to banking practice.

Should time weigh heavy on your hands—write a nice long letter and send it along *with the book*.

Keep your chin up—something will turn up.

Obsequiously,

URIAH H.

Letter 5

November 8, 1942

Dear Bloody But Unbowed:

Your pleading letter touched the tender side of my nature, and rather than see you become a fugitive from the New York State Banking Department, I am magnanimously enclosing the vital bankbook.

Salmon are nice fish, as fish go, and I always held them in great respect until last Summer when they fed us fresh fish for lunch three times a week. Gradually I underwent a change and have since developed a nasty attitude towards salmon.

Yours truly,

Frustrated Celibate

Letter 6

November 13, 1942

Dear Micawber:

Weren't you surprised to see an air mail letter from us? Flattered? You should be. But don't be disillusioned. It's all done for a purpose. It's Bribery.

Here's the story. Some bright girl read the stuff and thought others might enjoy reading it too.

Now I dunno, Micawber—I said "yes, I'd consent to publishing it"—maybe I was rash and will regret it. What do you say about a copyright release?

It seems that the Bankers' Publications are dying on their feet and sprightly trash like this will cause them to come back to a wonderful recovery.

Say yes—and say it in writing—(you know how bankers are) and use the enclosed envelope, or my frugal soul will just shrivel up. Hastily,

URIAH

Letter 7

November 18, 1942

Dear Uriah:

The Bankers' Publications must have reached a new low. However, I can see no reason why my talent for being a jerk should not be exploited, so you have my consent to use the letters.

I want it understood that I want none of the blame for the loss of public faith in the banking system which will undoubtedly follow publication.

I trust that the cost of this air mail letter will not be deducted from my account. Skeptically,

MICAWBER



Bank Workers Inspect Their War Plant



Facing camera—Assistant Cashier Stults, President Stern, Mrs. Stults, Vice-president Straus, and Mrs. Straus



Employees and their families inspecting one of the many machines that do much of the bank's intricate detail work



Hobbies of 25 employees attracted wide interest
Refreshments were served throughout the evening



EMPLOYEE morale at the American National Bank and Trust Company, Chicago, was given a boost recently when the bank entertained employees and their families at an old-fashioned "at home" in the bank's lobbies.

The open house was planned to give the employees of the bank, many of whom are women who have recently filled the places of men entering military services, a broad viewpoint of the bank's entire activities—not just their own department's work. An additional purpose was to let the families see where their sons, daughters, husbands and fathers work, and to acquaint the employees and their families with the large part being played by the bank in wartime activities.

In a letter of welcome in the printed souvenir program, President Lawrence F. Stern said:

"Tonight we honor the young people from our staff who are absent in the service of our country and others soon to go. Those remaining at the bank also have opportunities to serve, and are carrying extra duties vital to the war effort. Millions in War Bonds have been purchased through our bank. The bank itself owns over \$50,000,000 in government securities, and many other millions have been loaned to war industries. Our most recent opportunity to serve is the big job of handling ration coupons, with which all of us are familiar. As you go behind the scenes tonight, I am sure you will have the growing realization that here, too, is a war plant, dedicated to an early victory and the return of our men and women to their places with us."

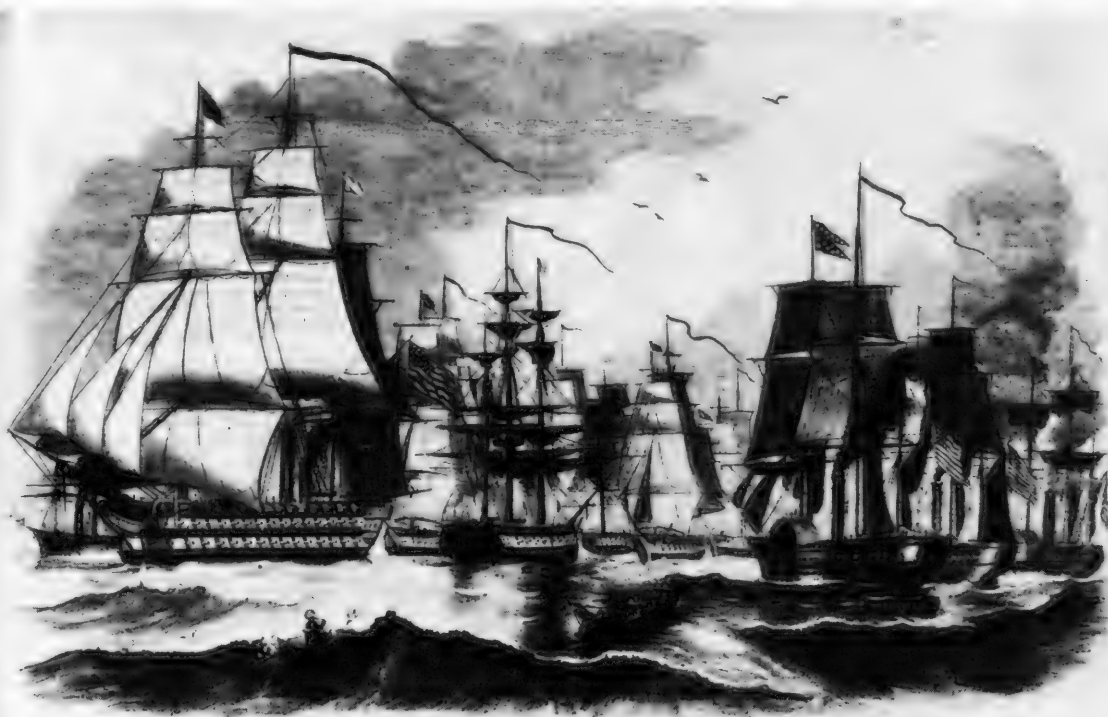
EACH of the 1,000 guests was greeted at the main entrance of the bank and started on a tour of the six floors occupied by American National. The route was marked by a trail of signs.

Visitors saw some of the day's actual business going through the proof and bookkeeping departments. Demonstrations were given of all business machines by employees working in short shifts so that they, too, might enjoy the evening.

Particular interest was shown in the large stacks of ration coupons passing through the bank; the telephone switchboard, which was kept open; the coin sorting machine; the "samples" given away by the bank—new steel pennies; the new lunch room just opened by the bank, with its newly furnished lounges for both men and women; and the safe deposit facilities recently taken over by the American National Safe Deposit Company.

A musical program by members of the bank's staff included: Songs by Claude C. Smith, baritone, who won the grand prize in the *Chicago Tribune's* 1934 Chicagoland Music Festival; songs by Story Turner, tenor, manager of the bank's collection department; piano selections by Blenda Sterner, a secretary and one of Chicago's accomplished concert pianists.

Employee hobbies—ranging from Egyptian arts and crafts to stamp collections—were displayed in the main lobby.



Princeton

Vermont

Allegheny

St. Mary's

Macedonian

Vandalia

Plymouth

Saratoga

Mississippi (Flag Ship)

Susquehanna

Pohatan

Let's go back in '43

Just ninety years ago Commodore Perry, on behalf of our government, welcomed Japan into the society of nations. America thus struck the bonds of feudalism from a nation which has repaid that act of decency with ruthless hatred; which through the following nine decades has single-mindedly plotted the destruction of its benefactors; and which, on "a day that will live in infamy," committed its ultimate act of supreme treachery.

Now let's go back to Japan—with the only kind of message these "people" understand. Let's go back with our warships—yes and planes and bombs as well—to imprint a lesson on the Japanese mind, and on that of the other Axis would-be conquerors of free men, that they will not forget in the lifetimes of their great-grandchildren—and ours.

To help attain that most desirable end, The Home Insurance Company, having been founded in the same year as Commodore Perry's expedition, is celebrating this year its Ninetieth Anniversary by making the following additional modest contribution to the Second War

Loan Drive and succeeding War Loans from April 13th, our anniversary date, to the end of this year:

All new gross premiums collected on fire and other policies that the Company writes in the period April 13th-December 31st will be invested in War Loan Bonds. These purchases will be OVER and ABOVE the normal government bond purchases which the Company will continue to make.

With the weapons of victory that only continuous War Bond buying by all of us makes possible—

Let's Go Back in '43!



☆ THE HOME ☆
Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Ninetieth Anniversary Year



**His call today may
prevent a delay in
her work tomorrow**

MANUFACTURING FOR WAR

Manufacture of aircraft equipment for the Army Air Forces, and the manufacture of Burroughs figuring and accounting equipment for the Army, Navy, U. S. Government and the nation's many war activities, are the vitally important tasks assigned to Burroughs in the Victory Program.

An ounce of prevention is still worth a pound of cure—especially these days when time and manpower are at a premium. A phone call will bring a Burroughs service man when you need him, but it's far wiser to arrange with Burroughs for periodic inspection, lubrication and adjustment of your Burroughs machines, so that emergencies, and the delays they entail, may be prevented. The Burroughs service man is the best answer to the ever-mounting problem: "How can I get the most out of my present machines, and make them last for the duration?" He is factory trained and factory controlled, and makes replacements with genuine Burroughs parts. His work is guaranteed by Burroughs. For full details, call the local Burroughs office.

BUY YOUR SUPPLIES FROM BURROUGHS—Users of all types of office machines find that Burroughs ribbons, carbon paper, roll paper and other supplies cost no more—assure better, more uniform results.

BURROUGHS ADDING MACHINE COMPANY • DETROIT, MICHIGAN

Burroughs

ADDING, CALCULATING, ACCOUNTING, STATISTICAL, PAYROLL AND BILLING MACHINES



The LEGAL ANSWER PAGE



Bank Directors—Liability

What was the result of the appeal from *Michelsen v. Penney* (Dist. Ct. N.Y., 1941) 41 Fed. Supp. 603-634, Legal Answer Page, BANKING, February 1943, p. 60?

THE judgment for \$2,424,301.99, which was for \$1,414,761.30, plus interest and costs was reduced by the Circuit Court of Appeals to \$596,617.95, plus interest and costs, in its decision of March 19, 1943.

The opinion in 41 Federal Supplement consisted of some 20,000 words; the opinion of the Circuit Court of Appeals, by Judge Clark, 18,000; the dissenting opinion of Judge Augustus N. Hand, 1,200; and the dissenting opinion of Judge Frank, 4,000. A study of these exhaustive opinions should rid any bank director of the idea that his holding of office is a mere formality. The points will be discussed in the same order as in the earlier article.

1. *Reliance on executive committee.* The vesting in an executive or other committee of authority to make loans does not necessarily relieve a director from liability for negligent loans made by the committee as where the committee acts after repeated warnings by a bank examiner and it is dominated by the director's personal representative on the board.

2. *Basis of liability.* In addition to statutory liability a national bank director is liable for "failure to exercise that degree of care which ordinarily diligent and prudent men would exercise under the circumstances," which liability is not, in general, cut down by statutory enactments but may be enlarged thereby. If a director substantially abdicates, it seems to be the function of "statutory standards" to determine "what are allowable and what are prohibited bank practices."

Statutory individual liability exists for damages which a bank, its stockholders, or any other persons shall sustain if a participating or assenting (1) director of a national bank knowingly violates, or knowingly permits any of the personnel of the national bank to violate, any provision of the National Bank Act,¹ or (2) director or officer of a Federal Reserve member bank knowingly violates, or knowingly permits any of the personnel of the member bank to violate, any provision of Federal Reserve Act, § 22,² or of any regulation thereunder promulgated by the Board of Governors of the Federal Reserve System,³ or (3) director of a national bank violates or fails to comply with any provision of the Federal Reserve Act.⁴ Unlike statutory provisions cited to (1) and (2), that cited to (3) omits any reference to "knowingly."

The somewhat awkward grammatical construction of the last paragraph is due to the wording of the statutory provisions. Fine points of construction not discussed here are considered in the court opinions. However, the court in holding that the defendant director of a national bank, chartered in 1927, was liable under the last mentioned statutory provision for violation of a provision of the Federal Reserve Act, other than § 22, did not consider the statutory phrase, "now organized," which seems literally to limit the statutory liability thereunder to directors of national banks organized before the enactment of the Federal Reserve Act, December 23, 1913.⁵

No liability exists for violation of statute unless it is the cause of loss.

4. *Disqualified directors.* A director who qualifies "dummy" directors of a national bank by furnishing them qualifying shares of which they are merely nominal owners is not an insurer of the bank against loss but is liable only for losses caused by this violation of statute. It seems that in reality his liability is not increased by such action. The lower court was reversed on this major point by a two-to-one decision.

5. *Ignorance of banking.* The court clearly implies that a director with "no special knowledge or experience for the position," who does "nothing to fit himself for it" fails in his duty.

6. *Duty to investigate.* The requirement for statutory liability of a director that his violation of statute be intentional is satisfied "by a deliberate refusal to investigate that which" it was his "duty to investigate."

7. *Non-attendance at board meetings; resignation; leave of absence.* Defendant director was held to have failed in his duty by attending only three out of 31 regular and special board meetings during his term of office.

His excuses of ill health on the part of himself and his wife were properly discounted—especially in the light of his other manifold activities. And at most they should have led him to resign, not to continue in a relation which would mislead the public.

CHAPTER 32 of the Washington Laws of 1943 authorizes the board of directors of a corporation to grant a leave of absence to a director or officer in military service which frees him from responsibility for an act or omission of the corporation not "actually approved" by him according to the corporate minutes. Such legislation seems desirable.

The June issue will continue with the propriety of salvage operations and the following of practices of other banks, as well as with liability for excess borrowing, unauthorized purchase of investment securities, excessive rent, and excessive expenditure for bank premises.

¹ U.S. Rev. Stat., § 5239, 12 U.S. Code, § 93.

² 12 U.S. Code, §§ 375, 375a, 376, 503, 593-599.

³ Federal Reserve Act, § 22(f), 12 U.S. Code, § 503.

⁴ Federal Reserve Act, § 2, ¶ 6, 12 U.S. Code, § 501a.

⁵ New Paton's Digest, p. 266.

Consumer Credit Prospects

KENTON R. CRAVENS

MR. CRAVENS, vice-president of The Cleveland Trust Company, is chairman of the Consumer Credit Council, American Bankers Association.

THE volume of consumer credit will undoubtedly reach new highs in the post-war period. In addition to normal demand, there will be not only the replacement of millions of articles of consumer durable goods, automobiles, household appliances, home improvements, etc., but also millions of new articles, airplanes, air conditioning equipment, pre-fabricated houses, etc. Distribution of this great volume of consumer goods will depend largely on instalment buying.

The banks' post-war consumer credit market will amount to billions of dollars. The rapid rise to leadership in this field and the fine account banks have given of themselves has not only brought satisfactory profits, better public relations, and a brilliant post-war outlook, but it has also brought upon them an attack on their right to engage in this field and on the manner in which they are conducting their business. This is the inevitable price of leadership.

This attack has originated principally from two sources, licensed lenders (small loan companies) and the Russell Sage Foundation. Briefly, they are attacking two closely related major items of the banks' personal instalment lending policy, *the way in which the rate is computed* on instalment loans and *the way in which the rate is expressed*.

SMALL loan companies operate on what is known as the over-all rate. The over-all rate plan means that a company charging a rate of $3\frac{1}{2}$ per cent per month (or, more truthfully 42 per cent per annum) makes no other charge. These companies take great pride in announcing that the rate they charge is the only cost of the loan. There are no investigation fees, no late charges and no other charges of any kind.

Banks operate on what is known as the "discount plan." Personal instalment loans are usually made on a non-interest bearing basis and the charge is a certain number of dollars per \$100 (usually \$6), discounted in advance. Banks generally make an additional charge on delinquent payments, allowing a grace period of some three to six days. This charge varies from a small amount to a maximum of five cents for every dollar payment past due.

There is more of a deep-seated difference in these two lending policies than this brief review would seem to indicate. The small loan company lender is earning a high rate of interest on his outstanding loan balance and spends an enormous amount of money to maintain and increase these loan balances. Systematic liquidation and prompt payment, therefore, do not concern greatly the small loan company lender. As a matter of fact, many

small loan company lenders have encouraged partial payments and prolonged the debt in order to maintain loan outstandings. A policy of requiring both the prompt debtor and the delinquent debtor to pay the same rate of interest discourages prompt payment and debt liquidation. This is simply a matter of the lender disregarding his social and moral responsibilities in order to maintain high loan balances.

BANKS, on the other hand, have a procedure which rewards the prompt debtor with as low a rate as possible, but penalizes the delinquent debtor with a small additional fee. These fees, commonly called late charges or fines, have three fundamental purposes, the first of which is to discourage habitual delinquency. Almost all delinquency starts with carelessness and if there is no incentive or no penalty this carelessness is not discouraged, resulting in perhaps serious delinquency and a state of perpetual debt. The second purpose is to obtain interest on delinquent funds. Notes taken by banks are usually non-interest bearing before final maturity. They are discounted and therefore any payment not made when due should accrue delinquent interest. If interest is not provided for, it must be collected as a fee. The third purpose of these moderate fees is to partially offset the heavy cost of following delinquents, thereby reducing the rates for those who pay promptly and placing the burden where it belongs—on the delinquent debtor.

It is quite necessary to emphasize the difference between the lending philosophy of banks and that of small loan companies in order to realize the full import of the small loan companies' contention as to the proper treatment of *rate computation* and *rate expression*. In short, the small loan companies contend that every lender should be required by law to *compute* and *express* the rates for personal loans on the basis of *x* per cent per month on declining balances. They contend that this is the only way you can tell the borrower the truth about loan costs and that it reveals the simple interest cost which is the only way the borrower can clearly understand his *rate of charge* and his *dollar cost*.

THE banks' position regarding the *computation* and *expression* of rate may be summarized as follows:

1. The dollar discount method is the only method whereby the exact cost of a loan can be figured easily and quickly *in advance* by the borrower without the assistance of a mathematician and a calculator.
2. Reasonable charges for delinquent payments are conducive to debt liquidation and low cost personal instalment lending.
3. If it is determined that charges in terms of per cent have social significance and value to the borrower, then such per cent should be only the *simple per annum*

(CONTINUED ON PAGE 60)



Wherever records are
kept or money is handled,
there is need for some
product of

The National Cash
Register Company

DAYTON, OHIO



We proudly fly the Army-Navy "E" with two stars
for "unceasing excellence" in the production
of precision instruments and other war matériel.

*Sales, service, repairs and supplies, and a limited number of new and a large stock
of used Nationals are available at our 344 offices in United States and Canada*

Consumer Credit Prospects

(CONTINUED FROM PAGE 58)

interest and should be used by all lenders and time payment sellers alike for *expressing* rates but *not for computing* them.

4. The x per cent per month method used by small loan companies is a formula to sugar-coat the *true per cent per annum cost* and the *dollar cost* to the

borrower and in no way represents the true interest cost of the loan.

5. The x per cent per month method used by small loan companies *conceals* rather than *reveals* the true dollar cost of the loan, since not one in ten thousand can predetermine the balances or calculate the average cash employed in

order to compute accurately *in advance* the actual dollar cost of the loan.

6. There is no substitute worthy of acceptance for the dollar discount method for *computing* personal instalment loan charges that lends itself to practical bank operating procedure.

7. All regulatory and special personal loan legislation incorporating (a) the x per cent per month method; (b) rigid control of amounts and terms; and (c) additional supervision and regimentation, *should be vigorously opposed* and defeated at all costs. Only the simplest enabling legislation should be supported and if it is subject to controversy it should then be deferred until after the war.

No matter how thin you slice it—it is still baloney! Three per cent per month is still 36 per cent per annum. When a borrower comes to a lender and asks for the use of \$5,000 for 10 years and the lender says that the rate is 5 per cent, it is assumed that the rate is 5 per cent per annum. Again, when a borrower comes to a lender and asks for the use of \$5,000 for five days and the lender says the rate is 6 per cent, it is assumed that the rate is 6 per cent per annum. When the money is borrowed for any purpose whatsoever, the cost is expressed in terms of discount or simple interest *on an annual basis*. If the dollar discount basis in instalment lending is found wanting, then let *all* lenders and *all* time payment sellers adopt the simple interest method quoted on an annual basis. This would mean an average of 36 per cent for small loan companies and less than a third as much for banks' personal instalment lending.

IF WE are to abandon the discount principle, as at least one of the largest small loan companies would have us do, then all lenders should be obliged to advertise as follows:

A \$6 discount bank would advertise: "The cost of borrowing \$100 for one year (to be repaid in 12 equal monthly instalments) is \$6.38, which in simple interest amounts to 11.7 per cent per annum."

A 3 per cent per month loan company would advertise: "The cost of borrowing \$100 for one year (to be repaid in 12 equal monthly instalments) is \$19.50, which in simple interest amounts to 36 per cent per annum."

An automobile dealer would advertise: "The cost of buying this car on the instalment plan over a period of one year (to be paid in 12 equal monthly instalments) is \$6 per \$100 of deferred balance, which in simple interest amounts to 11.08 per cent per annum."



He can smile
through it all

So let's keep a smile a-going back here, too.

Even though war is crowding the wires, telephone people still want to give you pleasant, friendly service. Materials for new telephone facilities are not to be had. But there's no shortage of patience and understanding.

Takes a lot of pulling together to do this and we appreciate the help from your end of the line.

BELL TELEPHONE SYSTEM



WAR CALLS COME FIRST

Your continued help in making only vital calls to war-busy centers is more and more essential every day.

Crowded Years...

Crowded Hours



1853: That was the year of Commodore Perry's expedition to Japan (so vastly different from the expeditions headed Japward today!) . . . Franklin Pierce was president . . . and his successor, one A. Lincoln, was a little known lawyer in Illinois. The total population of the United States was less than 24,000,000. Wisconsin, having graduated from territorial status only five years before, was the extreme northwest state of the Union . . . but already, Milwaukee was a thriving young city of some 20,000 souls. And among the new enterprises established there that year was the Farmers' and Millers' Bank, first forerunner of the First Wisconsin . . . founded May 2, ninety crowded years ago!

1943: Today . . . with resources over \$350,000,000 . . . this ninety-year-old bank is the largest in Wisconsin . . . Milwaukee depository for more than 85 per cent of the banks in the state . . . 31st in size among all the 15,000 banks throughout the country. And today's crowded hours find this bank mobilized for one end — to help speed the victory of Freedom's forces in every possible way . . . whether by the sale of a 10-cent War Stamp or participation in a multi-million-dollar loan for vital war production purposes.

**FIRST WISCONSIN
NATIONAL BANK
OF MILWAUKEE**

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

METHODS *and* IDEAS

A Ration Banking Report

JOHN J. MCCANN

IN accepting ration banking as a war-time expediency, it was inevitable that certain problems would develop in initial operations, and that others will arise as the program expands.

To many institutions the new service has presented only minor kinks, readily ironed out in the course of readjustment. To other banks more seriously affected by manpower and material shortages, the problems of organization, handling and personnel created difficult handicaps.

To discover what steps have been taken to meet these various situations, **BANKING** asked a number of banks, picked at random in farming areas, small towns, war production centers and big cities, to contribute experiences to this symposium.

Here are typical replies:

FROM one of Ohio's largest cities, a commercial bank reports: "Because of a decreased number of employees, green help, and our inability to secure new and experienced help, we began recently to work on a maximum of 44 hours instead of 40 and to pay overtime for the additional four hours. To work out a schedule to conform with this program, we require six tellers to service ration banking part-time. The department is in the charge of our savings department manager, who uses one girl full-time and his six tellers before 9:30 A. M. and after 3:30 P. M."

Uses Discontinued Department

A NATIONAL bank serving one of the South's important cities states: "We are receiving deposits through a collection

window which, prior to January 1, received Christmas Club deposits. This department was discontinued so we are able to handle ration accounts with the same facilities and no additional help.

"The posting, records and reports are handled in the note department which adjoins the collection department. The posting is done on the liability machine—probably the least active of the machines in the bank at this time. This phase of the work has also been accomplished without additional personnel.

"We are unable yet to determine whether or not we are doing the job within the schedule of cost allowances. Our volume is now in excess of 300 accounts, but some of these will be closed under the new regulations setting volume at \$2,500. However, there are

(CONTINUED ON PAGE 64)

A Bank Holds Open House at Mitchel Field

Opening of a banking facility at Mitchel Field by the Second National Bank & Trust Co. of Hempstead, N. Y., was marked by "open house." Below, left, President Ludlum and Cashier Kinkade. Right, general view of facility



Silver bars, oak leaves and eagles were much in evidence



Have one, boys. No—not cash samples, but a good long smoke



**If we could only
cash checks faster**



"Every pay day our lobby is jammed. It's bad enough to slow up our paying tellers. But it's worse when old depositors are put to the inconvenience of waiting in line. They're used to good service, and they deserve it. I wonder if the checks themselves have anything to do with the delay. Let's take a look at some of them and see what we can find out."



"No wonder tellers take longer to cash checks. Look—the amounts and signatures on some of these checks are hard to read. Quick identification is impossible. Perhaps the color and background of the check paper have a lot to do with it. Let's call in our stationer and get his suggestions for the safety paper that gives the best readability."



"Your solution is **Hammermill Safety**. It's easy to write on and that means checks that are easy to read. It comes in seven colors, selected for clear contrast with penwriting or type-writing. It instantly betrays alterations and fulfills all ABA recommendations for 100% sulphite protective paper. Why not try Hammermill Safety on your next order?"

**HAMMERMILL
SAFETY**



HELPFUL NEW SAMPLE BOOK contains complete assortment of colors and surface backgrounds. Ideal for designing new checks. Mailed to you free (without personal follow-up). Simply attach coupon to your bank letterhead and mail to the Safety Paper Division, Hammermill Paper Co., Erie, Pa.

Name _____

Address _____



B-May

MANUFACTURER OF PAPER FOR BUSINESS USE SINCE 1899

METHODS—Continued

probably new accounts to be opened that will offset this loss. As near as we are able to estimate, it will take 300 accounts to permit us to break even."

Combines Departments

A NEW ENGLAND bank in an industrial city states: "Regulation W' cut down the volume of our customer credit department considerably. When we were asked to service ration banking accounts, this department, already set up and over-manned at the time, immediately took over. The same equipment is used; no real adjustment had to be made.

"As to whether or not the operation will be a successful one as far as profit is concerned is unknown at the present time, due to our brief experience. We believe that after the first general expense of supplies, etc., is taken care of, we should be able to operate these items at a small margin of profit."

Educational Problems

ANOTHER mid-western institution located in a booming war production center explains: "The handling of accounts within the bank itself is working out satisfactorily; however, a great many people are completely in the dark when it comes to operating these accounts. It

is regrettable to think of some of these inexperienced people trying to operate as many as four ration accounts when they have never had the experience of operating even one dollar checking account. We expect to have the most trouble with processed foods and meats, because they both call for points.

"The next most serious problem is the fact that small restaurants doing as little as \$100 per week selling sandwiches must have in some cases two bank accounts, one for processed foods and the other for meats, because they are issued only one ration check and buy food from more than one source. This would be eliminated if OPA would issue ration coupon books for the equivalent of the points which could be turned over to their suppliers.

"We anticipate opening about three times as many accounts as we originally expected. Our volume will run between 1,500 and 2,000 accounts. Undoubtedly, we will be able to handle the situation as far as servicing accounts, but we will probably be forced to take a stand of refusing to accept incorrectly prepared deposits."

An Industrial City

FROM one of the most active production centers on the New England coast, a national bank reports: "Ration banking has presented us with a number of problems. Located as we are in an industrial city, with war workers receiving extraordinarily high weekly pay checks, it is almost impossible for us to engage new employees at the salary a bank is able to afford. Add to this our loss of staff to the armed forces, and you have an idea of our predicament.

(CONTINUED ON PAGE 66)

This novel bond booth in the lobby of the Farmers Bank of Delaware simulates Uncle Sam passing the hat



RENDERING WARTIME SERVICE TO OUT-OF-TOWN BANKS



CORRESPONDENTS of The Northern Trust Company are free to draw on the wealth of facts, figures and experience accumulated by this bank through its more than half a century of service. Especially helpful in these times is the complete data available here pertaining to "V" loans, municipal and U. S. Government bonds, and ration banking. Inquiries concerning a connection here are invited.

THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO

Member Federal Deposit Insurance Corporation



SAFETSTAK

Today's Transfer Storage File



EASILY ASSEMBLED. Stocked flat until ready for use—saves space. Quick, permanent assembly without the use of tools or fasteners.



PATENTED DRAWER PULL. Drawer pull will not loosen nor pull thru the face of the drawer even under hardest usage. Hangs flat.



POSITIVE STACKING. Special interlocks securely seat sections together for stacking. Sections are locked both vertically and horizontally. No special tools or fasteners required.

SAFETSTAK meets the wartime necessity for a convenient, durable storage file. Made in legal, letter, invoice, check and tabulating card sizes. Furnished flat. Easily assembled. An efficient, accessible file for active or inactive records.

STURDY CONSTRUCTION. **SAFETSTAK** is made from a new, hard-surfaced, exceptionally strong Kraft board. Coated with green lacquer to match steel files and office furniture. Sections lock together securely without use of tools or glue. Drawers are triple thick front and back. Shells double thick at corners. Not affected by heat or moisture.

EASY DRAWER OPERATION. Built to stack securely, drawers slide in and out without binding even when heavily loaded and highly stacked. A wax coating, and "rails" which carry the entire weight of drawers, complete the assurance of smoothly sliding drawers.

SAFETSTAK is ready for immediate delivery. Ask your dealer or write to our Methods Division.

DIEBOLD SAFE & LOCK COMPANY • CANTON, OHIO
BRANCH OFFICES IN ALL PRINCIPAL CITIES



DIEBOLD

Complete service of locks and vaults by Diebold's factory trained men.

METHODS—Continued

"Nevertheless, we think we have done a good job. We have taken on every ration banking account offered, even to the point of accepting those that do not have dollar accounts, in the hope of acquiring some new business as the result of our accommodation. Accounts may be opened and deposits of coupons or certificates may be made at any of our branches, but the bookkeeping and controls are maintained at our main office. This operation is contrary to our system on dollar checking accounts as each branch operates as an independent

unit. One reason for the change is, if we have any spare help, it will be at the main office.

"The accounts are handled in the bookkeeping department by one clerk who starts work at 7 A. M. on new cards for accounts opened the preceding day, lists credits and debits and proves accounts. Proving of deposits is handled in our central file department where an efficient organization has made it possible to spare time for handling ration accounts. In addition, our auditors find time occasionally to assist in the proving of deposits.

"New regulations indicate that a

number of restaurant accounts, doing limited business, will have to discontinue their ration accounts. This will have very little effect as we find this type of account requires very little servicing.

"It is doubtful that any bank will come through ration banking profitably; as a matter of fact, we do not expect a profit. We shall probably find a loss in the final analysis. The allowances tagged on the various accounts and operations are not comparable to the analysis charges we make on dollar accounts."



"Blank's Department Store sent us over for a mortgage"

A good number of your post-war residential mortgage prospects may come to you through the local department store.

The reason: department store traffic concentrates an enormous number of potential home buyers. The store management itself has a strong incentive to sell homes, because it is interested in selling the house furnishings, appliances, garden equipment, etc.

Financing such a large purchase may be done by a decelerating type of loan—liquidating the furnishings' cost within a year or two, while the mortgage itself would continue over the normal period.

Distribution of this kind requires a machine-perfect house—flexible in design to meet the needs and tastes of different communities—constructed by modern production methods.

And engineered housing has produced the answer.

Engineered housing

Engineered housing, of which Homasote Company's Precision-Built Construction is the leading example, makes conventionally-constructed housing obsolete. Homasote Homes are machine-perfect in every detail, cost less to build and less to operate—yet the system is adaptable to any size or style and thus sets no limits on salability. This flexibility comes from the fact that Homasote Precision-Built Construction is decentralized prefabrication—transportation costs are reduced by franchising local prefabricators to use the method. Thus Homasote works with and for, not against, the local dealer, realtor, builder and architect.

Any Homasote Home can be built so it is demountable. Demountability is mortgage insurance, be-

cause (1) it protects both the mortgagee's and the mortgagor's investment from loss due to change in the character of the neighborhood; and (2) it makes it possible to enlarge or decrease the size of the house to suit the changing needs of the family.



Research

Seven years and \$300,000 of research have gone into the development of Homasote Precision-Built Construction. Its soundness has been proved by (1) \$6,000,000 worth of pre-war private housing; (2) \$30,000,000 worth of government war housing; (3) eligibility for F.H.A. insurance and the most favorable terms offered by private mortgage companies and loan associations.

The post-war markets made possible by Homasote's engineered housing will include employee homes, realty developments in all price classes, low-cost housing... Meanwhile, many a bank is developing future mortgage business by urging prospects to earmark War Bonds for down payments and by starting Own-Your-Own-Home Clubs. For details about Homasote Homes and Own-Your-Own-Home Clubs, write HOMASOTE COMPANY, Trenton, N. J.

HOMASOTE
Precision-Built
HOMES

Supplies Scarce

A MID-WESTERN institution whose expected volume of 20 to 30 accounts has climbed to 325, offers this comment: "We have a room connected with our main banking lobby in which our savings and instalment loan departments are housed. Since the loan volume declined considerably we decided to consolidate it with our new ration banking service. To date we have not added any employees, but if the volume continues to increase we may find it necessary to make some arrangement for additional help. At times, we have been unable to obtain adequate supplies for handling ration banking, but have always managed in some way to carry on.

"As to handling the job within the scheduled cost, it is our opinion that we can do no more than break even—possibly we are not doing that well. However, it seems to be a job that has to be done and we are attempting to do our full share."

Good Start Important

A SMALL town Ohio bank recognizes the importance of getting ration accounts started with as complete an explanation of procedure as possible. The cashier comments: "We decided to have (CONTINUED ON PAGE 68)

Banking service is maintained by the First and Merchants National Bank of Richmond in Pentagon Building, Arlington



SECURITY *for* POLICYHOLDERS *is*



STRENGTH *for* VICTORY

THE FIGURES BELOW are straightforward evidence of the Unquestioned Financial Strength behind the policies of the Companies of the Commercial Union Group. The preservation of the economic resources of Individuals and Nation—the Strength for Victory—is the job of Insurance. We pledge ourselves to continue the maintenance of essential Security for our Policyholders.

The Commercial Union Group is one of the leading Capital Stock, Fire and Casualty Insurance organizations in the World, writing practically all kinds of Insurance and Bonds except Life. Its companies are represented by Agents and Brokers in every City, Town and Hamlet, from coast to coast.

UNITED STATES RESOURCES AS OF DECEMBER 31, 1942

ORGANIZED		* TOTAL ADMITTED ASSETS	RESERVES FOR LIABILITIES	POLICY- HOLDERS' * SURPLUS	SECURITIES DEPOSITED AS REQUIRED BY LAW	MARKET VALUES * (see note below)	
						ADMITTED ASSETS	POLICY- HOLDERS' SURPLUS
1861	Commercial Union Assurance Company Ltd.† . .	\$16,157,972	\$9,440,182	\$6,717,790	\$1,033,293	\$16,372,726	\$6,932,544
1871	The Ocean Accident & Guarantee Corporation Ltd.†	20,099,752	13,754,062	6,345,690	917,055	20,564,764	6,810,702
1853	American Central Insurance Company	7,433,481	3,109,901	4,323,580	411,875	7,721,343	4,611,443
1904	The British General Insurance Company Ltd.† . .	1,353,223	536,641	816,582	637,489	1,425,088	888,447
1864	The California Insurance Company	5,147,931	1,969,213	3,178,718	366,037	5,302,834	3,333,621
1920	Columbia Casualty Company	9,997,854	5,930,414	4,067,440	697,530	10,227,072	4,296,658
1890	The Commercial Union Fire Insurance Co. of N. Y.	3,019,205	1,248,884	1,770,321	282,435	3,115,825	1,866,941
1886	The Palatine Insurance Company Ltd.†	3,220,775	1,346,798	1,873,977	636,303	3,366,510	2,019,713
1714	Union Assurance Society Limited†	2,647,863	1,362,014	1,285,849	639,233	2,739,796	1,377,782

†U. S. Branch

*If all Bonds and Stocks owned were valued on the basis of December 31, 1942, Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the columns at the right.

COMMERCIAL UNION GROUP

COMMERCIAL UNION ASSURANCE COMPANY, LTD.

AMERICAN CENTRAL INSURANCE COMPANY

COLUMBIA CASUALTY COMPANY

THE PALATINE INSURANCE COMPANY, LTD.

THE CALIFORNIA INSURANCE COMPANY

THE COMMERCIAL UNION FIRE INSURANCE COMPANY

THE OCEAN ACCIDENT & GUARANTEE CORPORATION, LTD.

THE BRITISH GENERAL INSURANCE COMPANY, LTD.

UNION ASSURANCE SOCIETY, LIMITED

NEW YORK

CHICAGO

ATLANTA

SAN FRANCISCO

HOME OFFICES, ONE PARK AVENUE, NEW YORK, N. Y.



Edith and Eva Dickerson, identical twins, preside at the War Bond booth in the lobby of the American Nation Bank of Nashville, Tennessee



This is a war of efficiency—just as better arms make better fighting armies—so better papers increase the efficiency of thousands of unheralded men and women at typewriters, accounting machines and general office work.

Parsons Papers are doing their bit by providing the right forms for all procedures . . . the right papers for records, systems, routines, etc.,—quality papers (made from cotton fibers) that ease eye-strain, work smoother and faster, file better and last longer.

Printers and Lithographers who have your interest at heart will recommend the right—

Parsons Paper

Specialized for Modern Business

BOND PAPERS

For correspondence, documents and forms of every description

LEDGER PAPERS

For accounting systems, records, certificates and other permanent needs

INDEX BRISTOLS

For machine accounting, index record cards and general uses

TECHNICAL PAPERS

Made to your specifications for all types of special requirements

PARSONS PAPER COMPANY • HOLYOKE, MASS.

METHODS—Continued

two of our assistant cashiers handle all ration banking accounts, since these men are most familiar with the routine of bank operations. Our reason for doing this is that we wanted all accounts set up correctly at the outset and our depositors started on the right foot, as we expected rationing to become more complicated as time goes on.

"We have one bookkeeper to post all accounts of ledger sheets, and this is done in conjunction with other routine duties. So far we have 185 accounts and they appear to be working very smoothly, although we find ration banking customers coming to the bank during the busiest hours. We have asked them to come earlier during slack periods, and a large number have complied."

Handling Trouble

A MARYLAND bank reports: "In the beginning, our bank set up a special department for this particular job with an experienced person in charge, and under normal conditions the functioning of the department would have been satisfactory. However, due to the opening of a large number of accounts in a short period of time and the tremendous item activity, we experienced some trouble keeping up with the work from day to day.

"The opening of the accounts is the responsibility of special officers at the main bank and in the branches, as the detail of looking after the proper resolutions, the correctness of signature cards and the explanation necessary to new depositors regarding the handling of this new business, required more time than the teller would have for this part of the operation.

"In addition to the normal function of accepting and receiving deposits, tellers of all banks probably had to adjust the numerous errors made by the depositors in the matter of proper listing of items on deposit tickets, but, of course, after discussing the problem with depositors, mistakes were reduced to a minimum.

"One of the problems we face is the storage of coupons and stamps received on various commodities. Since the deposits are now being made in envelopes, we are receiving all sizes and shapes which makes filing extremely difficult. When the proposed standard form is adopted, it will help us.

"From my talks with other banking men, in our city and in other cities, it seems to be the consensus of opinion (CONTINUED ON PAGE 70)

If they win ...only our dead are free

These are our enemies.

They have only one idea—to kill, and kill,
and kill, until they conquer the world.

Then, by the whip, the sword and the gallows, they will rule.

No longer will you be free to speak or write your thoughts, to worship God in your own way.

Only our dead will be free. Only the host who will fall before the enemy will know peace.
Civilization will be set back a thousand years.

Make no mistake about it—you cannot think of this as other wars.

You cannot regard your foe this time simply as people with a wrong idea.

This time you win—or die. This time you get no second chance.

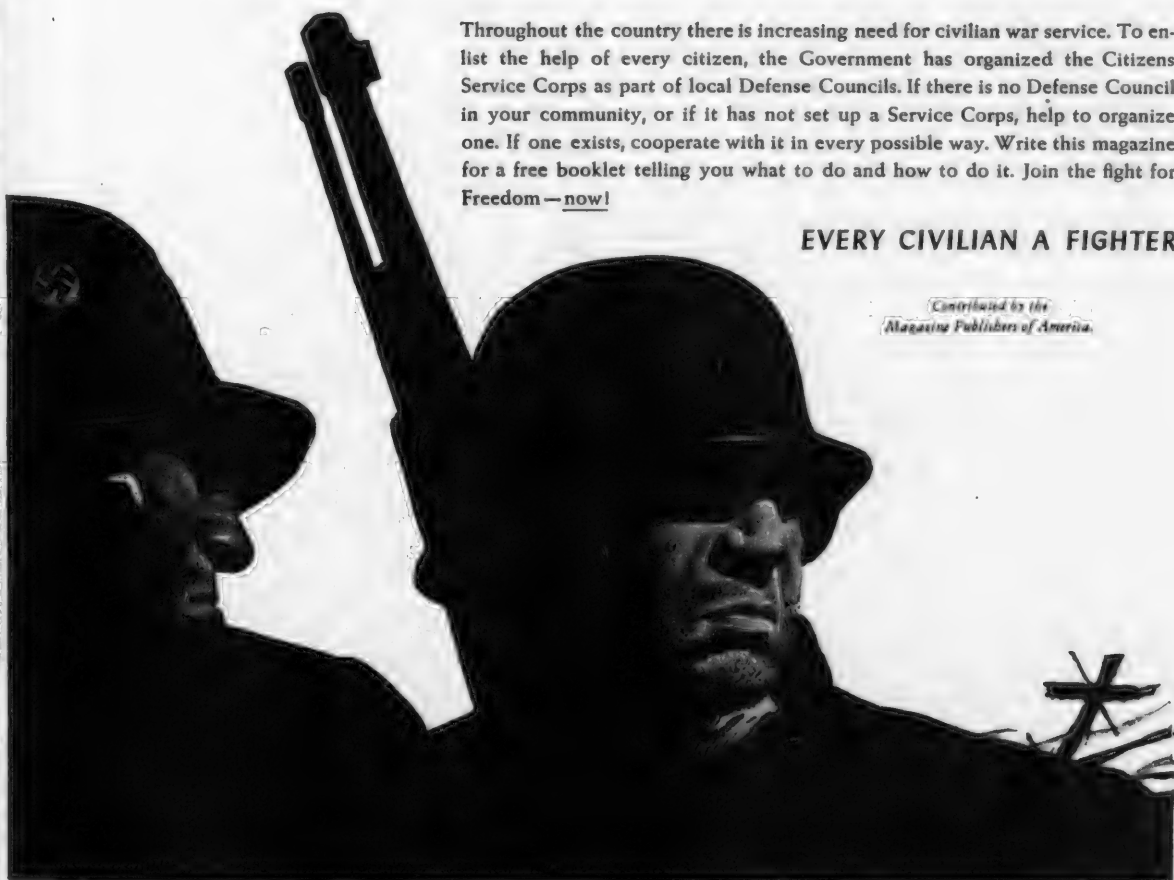
This time you free the world, or else you lose it.

Surely that is worth the best fight of your life
—worth anything that you can give or do.

Throughout the country there is increasing need for civilian war service. To enlist the help of every citizen, the Government has organized the Citizens Service Corps as part of local Defense Councils. If there is no Defense Council in your community, or if it has not set up a Service Corps, help to organize one. If one exists, cooperate with it in every possible way. Write this magazine for a free booklet telling you what to do and how to do it. Join the fight for Freedom—now!

EVERY CIVILIAN A FIGHTER

*Contributed by the
Magazine Publishers of America.*





Finance Department soldiers—most of them former bank employees—prepare, audit and disburse \$77,000,000 annually at Camp Davis, North Carolina

METHODS—Continued

that the schedule of reimbursement will not be sufficient for the banks to obtain their costs."

Other Typical Reports

A WESTERN institution says: "We have established one window for ration banking and assigned one teller to the job, with an understudy. The posting is done after banking hours, and, considering the enormous amount of detail to handle, we have been getting along fairly well. We do our posting by hand, not with a machine."

Another reports: "When the idea was first presented to us we were apprehensive as to the amount of work we would be called upon to perform, also the supplies necessary to conduct the department. While we have opened quite a large number of accounts for a community of this size, we find rationing not such a problem after all. Our customers seem quite familiar with the requirements and one of our staff has been able to handle all of the work quite easily. Apparently the cost of operating this department will not exceed the income derived. However, if the labor and expense exceed the reimbursement from the Government, we feel that we have only done an additional bit for the war effort."

Again from the West: "New ration accounts are opened at our regular new account desk. Deposits are accepted at our regular commercial teller windows. They are collected from branches at the end of each day and transferred to the new Ration Banking department at the main office."

"This department is temporarily divided into two sections, the checking and the accounting divisions. The first checks and proves deposits carefully, scans all items on the deposit, makes corrections and notifies the customers. The accounting division handles all bookkeeping details. Deposits are checked on the following day and posted within two days after deposit is made."

"Department personnel numbers seven at present. On peak load days it requires six more. The employees easily average 48 hours weekly."

A deep-south bank says: "The compensation for handling these accounts is not sufficient. We should be allowed a certain amount for each letter of transmittal prepared. The 10 cents per month maintenance is too low; it should be 25 to 35 cents. The 1/2 cent for each item deposited is all right for gummed sheets but much too low for the envelopes we are now handling."

"Let us have faith that right
makes might; and in that
faith let us, to the end, dare
to do our duty as we
understand it."

—Abraham Lincoln
February 27, 1860

MERCANTILE

Bank and
SAINT



COMMERCE

Trust Company
LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CONTINENTAL ILLINOIS
NATIONAL BANK AND TRUST COMPANY
OF CHICAGO

COMMERCIAL BANKING

CORPORATE AND PERSONAL
TRUST SERVICES

FOREIGN BANKING FACILITIES

UNITED STATES GOVERNMENT
AND MUNICIPAL SECURITIES

Member Federal Deposit Insurance Corporation

Heard Along Main Street

Including News from Bankers in Service

THEY stood on the bridge at midnight—and somebody pushed the bridge! According to *Bankamerican*, employee publication of the Bank of America, California, the bridge was the Wairopi (Japanese for wire rope) over the Kumasi River in New Guinea. It is (or was) a bottleneck of the Japanese supply line. Being the only means of moving heavy equipment across the swollen Kumasi, allied flyers made it a special target.

The pushers were Lieutenants Bill Nolen of Norfolk, Virginia and Bank-american JAMES MILLER, son of the Salinas Branch Manager JOE MILLER. They started the fireworks by unloading incendiaries on large piles of lumber which they discovered at both ends of the 200-foot span and let nature take its course while they went on a strafing expedition. They returned later and finished the job by scoring two direct hits which sent the Wairopi downstream.

That was in October. More recently Lieutenant MILLER was soaring in the tail position of a flight formation returning from a successful pursuit mission. A tropical storm enveloped his plane, knocked him off course. When the gas tank went dry, he bailed out over the jungle and within two hours found his way to the seashore, where an Australian told him there was an abandoned American plane farther down the coast.

Jim found the plane, got some tools, borrowed gas and a 14-year-old native boy named Arahakila as mascot, and returned in triumph to his outfit. As far as we know JIM is still picking off Japs.

Here's a story that Private Lloyd A. Lyon of the Marine Corps tells about First Lieutenant EDWIN SCHWANER, son of R. F. SCHWANER, assistant cashier of The Hibernia National Bank, New Orleans:

Private Lyon was wounded by shrapnel during a scrap with the Japs in the Solomons.

"Lieutenant SCHWANER, who was my commanding officer," says Lyon, "rushed to my assistance, applied a tourniquet to my arm, poured sulfa powder into my wounds, and bandaged them. A shell struck a large bush which fell on us, but Lieutenant SCHWANER simply

laughed and went on bandaging. Thanks to his quick work and absolute disregard for danger, I am here to tell about it."

Private Lyon was sent back to the States for convalescence, and on his way home stopped in New Orleans, hunted up Lieutenant SCHWANER's father and told him the story. The hero himself had never mentioned it in his letters.

The soldiers of Hirohito are no different in one regard than fighting men the world over, writes JOHN M. EDGEComb, formerly of the New England Trust Company, Boston, who served with the Marines at Guadalcanal.

Captured Japs, almost without exception, were found to be carrying in their wallets pictures of the girls back home. Mr. EDGEComb has sent home several souvenirs, among them a picture taken from a Japanese aviator in which is shown a group of Japanese girls posing with the flier and a small Jap flag. EDGEComb says that every Jap has

one of these flags which presumably are issued as part of the regulation equipment.

He relates an amusing incident that occurred when a Japanese labor battalion was captured and the paymaster's safe was found to contain a large quantity of imitation English notes. Considerable cleanup work was necessary in that area and someone had the idea of paying the Jap prisoners in their own currency to do the job.

Through an interpreter it was announced that double pay, overtime and a bonus, would be paid prisoners for conscientious work in this regard. Spurred on by this liberal offer, which even shaded dying gloriously for Hirohito, the Japs fell in with the idea. They not only completed the cleanup of the camp and captured terrain, but even volunteered to pull up heavy guns, camouflage them, and in general helped all they could to fortify the American positions. In accordance with the agreement they were paid in full—and evidenced entire satisfaction with the arrangement.

Bankers in Overalls

Employees of the National Bank of Commerce and Trust Company, Providence, shed white collars for overalls to run war machines at night. Superintendent Anderson shows tellers E. F. Deware and R. F. Martin how to run a lathe at war-important Anderson Tool & Die Co.



Teller Chester Barker, Assistant Cashier Stuart K. Tuttle and Chief Auditor L. A. Laberge operate an abrasive cutting off machine under supervision of C. A. Anderson, second from left. Mr. Tuttle organized the bank corps



COURTESY PROVIDENCE JOURNAL
BANKING

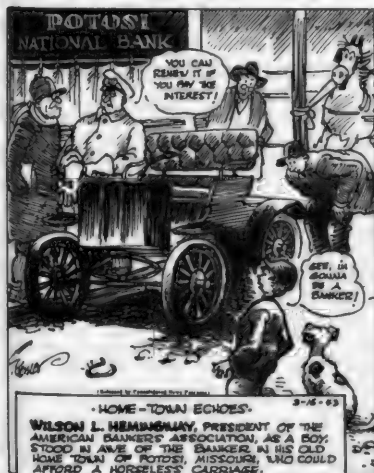
Speaking of a soldier's finances—well, let Private R. S. HUNSINGER, formerly assistant cashier of a Bank of America branch in Los Angeles, do the talking. Incidentally, Private HUNSINGER was the first member of the board of governors of Los Angeles Chapter, American Institute of Banking, to be inducted into the services.

"Of course," he writes in the *Los Angeles Banker*, "it's possible when you're short to cash a check—but just barely possible. First, the indigent soldier must get to see his commanding officer, no less, to get his sanction, or o.k., as we say in the Army. He must, if successful in getting past the baleful eye of his first sergeant, stand at attention before his C.O., undergoing a cross-examination that makes getting an FHA approval on a bathless apartment house seem like having the manager of a bank o.k. a \$2 Lockheed paycheck.

"If the luckless soldier can finally convince the C.O. that it would be safe to endorse his \$5 check, which is much more difficult than passing the tests for Officer Candidate School, he gets his check back with the magic sign on

W. L. HEMINGWAY, president, American Bankers Association, will address the annual convention of the Mexican Bankers Association in Chihuahua May 3-5, and will present the Mexican bankers with a resolution passed by the A.B.A. Executive Council, reading in part:

"... We, the members of the American Bankers Association, extend to our friends and neighbors . . . warm greetings and our renewed assurances of the high regard in which we hold the capable men and patriotic citizens who are directing the affairs of the banking institutions represented in the membership of that splendid organization . . ."



it, and finds trouble has just begun.

"No one will cash the check even then, unless they know personally the officer who endorsed it, and often if—or especially if—they do. If they are willing, they have no money; if they have the money they never heard of the officer. The soldier, in desperation, orders and eats a big meal, and the restaurant has to cash his check to get paid.

"And the next time the soldier thinks he'll cash a check, he thinks again."

Reporting on the score board of action overseas, the Royal Bank of Canada magazine credits Pilot Officer W. H.

STEPHENSON of the Warkworth branch with four enemy planes shot down and three damaged over Malta, Cyprus and Egypt.

Officer STEPHENSON joined the R.C.A.F. in the summer of 1940 and went overseas as a Flight Sergeant. Among his many experiences, he lists a period of service aboard H.M.S. *Ark Royal*. He received his commission in July, 1942, after having distinguished himself consistently in the air.

On October 21, his plane was shot down over El Alamein and he is now a prisoner of war in Italy. Just recently he was officially awarded the Distinguished Flying Medal.

Guaranty Trust Company of New York

Fifth Ave. at 44th St. 140 Broadway Madison Ave. at 60th St.

London: 11 Birchin Lane, E. C. 3; Bush House, W. C. 2

Condensed Statement of Condition, March 31, 1943

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 589,851,754.09
U. S. Government Obligations	1,827,681,573.24
Public Securities	46,596,029.38
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	17,920,926.31
Loans and Bills Purchased	499,761,700.62
Credits Granted on Acceptances	1,478,871.18
Accrued Interest and Accounts Receivable	11,102,922.68
Real Estate Bonds and Mortgages	1,670,340.71
	3,003,864,118.21
Bank Buildings	10,521,800.19
Other Real Estate	1,087,696.30
Total Resources	\$3,015,473,614.70

LIABILITIES

Deposits	\$2,646,711,256.55
Treasurer's Checks Outstanding	19,550,133.74
	\$2,666,261,390.29
Acceptances	\$4,584,461.74
Less: Own Acceptances	
Held for Investment	3,105,590.56
	1,478,871.18
Liability as Endorser on Acceptances and	
Foreign Bills	109,839.00
Federal Funds Purchased	50,250,000.00
Foreign Funds Borrowed	152,550.00
Dividend Payable April 1, 1943.	2,700,000.00
Items in Transit with Foreign Branches and Net	
Difference in Balances Between Various Offices	
Due to Different Statement Dates of Foreign	
Branches	1,452,490.25
Miscellaneous Accounts Payable, Accrued Taxes, etc.	9,622,794.06
	2,732,027,934.78
Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	23,445,679.92
Total Capital Funds	283,445,679.92
Total Liabilities	\$3,015,473,614.70

Securities carried at \$251,183,134.17 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English Branches as of March 26, 1943, French Branches as of October 31, 1942, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation



Savings Banks Association of the State of New York receives War Savings citation. From left, R. W. Sparks of Bowery Savings, M. F. Short, Association president, Nevil Ford and Lewis E. Pierson of New York State War Savings staff



BANCO DE CREDITO DEL PERU

HEAD OFFICE: LIMA

Capital S/.14,000,000.00

Reserves S/.18,082,796.60

*Consult us for Prompt and Reliable
Information about Peru*

Through our 35 Branches situated in the most important commercial centres, and our Agents in all other towns in the Republic, we are in close touch with every phase of economic activity in Peru, and thus are well equipped to render helpful service to all American institutions interested in Peru.



Peru's Oldest National Commercial Bank

Established in 1889

LAURETTA A. DARCY, member of the American Bankers Association secretarial staff, turned her peacetime hobby of flying an airplane into a wartime asset recently when she reported to the 318th Army Air Force Flying Training Command at Avenger Field, Sweetwater, Texas, for five months of intensive training preliminary to a commission in the Women's Flying Training Service.

Miss DARCY's job, after receiving her wings, will include teaching others to fly, towing targets, and transporting personnel and equipment from factory to field and from field to field.

Before joining the A.B.A. staff two years ago, Miss DARCY's social secretarial job entailed considerable commuting between New York and Florida. While in Florida she decided if others could fly she could too—and she did.

Employees of The First National Bank and Trust Company of Tulsa, Oklahoma, presented Mrs. R. Otis McClintock, wife of the bank's president, with a life-size portrait of Mr. McClintock, painted by Dr. Josef Sigall, noted artist.

The artist was en route from California to Washington, D. C., to paint a portrait of President Roosevelt when an automobile accident forced him to remain for a short time in Tulsa. During his stay he was induced to paint a portrait of Mr. McClintock. Dr. Sigall has painted Emperor Franz Joseph and Emperor Karl of Austria-Hungary, President Marcello de Alvear of Argentina, President and Mrs. Coolidge, President Hoover and many other notables.

The employees gave Mr. McClintock a leather album containing their signatures on parchment. The front flyleaf carries a presentation message expressing the staff's affection and esteem.

The honor roll of the Canal National Bank of Portland, Maine, includes three messengers and two members of the Board of Directors.

A commercial teller, RICHARD S. ROBINSON with the rank of captain in the Army, outranks the directors, JOHN DECKER and JOHN E. PALMER, JR., who are lieutenants junior grade in the Navy. He in turn is outranked by the bank's head bookkeeper, Major GUILBERT LITTLE, now in foreign service with the Army.

BANKING



The Richmond Chapter (Woman's Committee) of the American Institute of Banking serving coffee and doughnuts to service men at Y.M.C.A., Richmond, Virginia. Mrs. Rose Lee Norman of the State-Planters Bank and Trust Company, chairman, presided

A remarkable record of butterfat production has just been scored by the Jersey dairy herd owned by M. A. ARNOLD, director and retired head of the Seattle-First National Bank, Seattle. The herd tested 41.8 average pounds of butterfat in a 30-day period, at the low cost of 25 cents per pound.

Banker ARNOLD has devoted much of his time to the management and improvement of the dairy herd since 1939. Record production on the Arnold farm is in line with the current program sponsored by the Washington Egg & Poultry Association, under which all food pro-

ducers of the state are working to increase production of essential foods by at least 20 per cent.

Have You Heard?

JESSE W. TAPP, vice-president of the Bank of America, has been made chief assistant to Chester C. Davis, food production and distribution administrator. Mr. TAPP is former president of the Federal Surplus Commodities Corporation.

R. F. CLARKE, president of the Nebraska Bankers Association and of the Banking House of A. W. Clarke, Papillion, is in the foreign service of the American Red Cross.

J. C. MURPHY, vice-president of the Albany National Bank, Laramie, Wyoming, has been commissioned a lieutenant senior grade in the Navy.

W. A. MAHL, chairman of the board of The First National Bank of Winona, Wisconsin, was recently honored at dinner celebrating the 50th anniversary of his connection with the bank. He started his career as a messenger, became president of the bank in 1937 and chairman in 1940.

EVANS WOOLLEN, JR., president of the Fletcher Trust Company, Indianapolis, has been made a member of the executive committee of the A.B.A. Trust Division.

GEORGE B. ROBERTS, vice-president and economist of The National City Bank of New York, is now treasurer and a director of the National Bureau of Economic Research.

AN IMPORTANT POINT *on America's War Map*

YES, it's *Houston, Texas*—formerly a "bright spot" on the nation's pre-war map . . . now a veritable cauldron for the Axis. Houston gave promise before, now she gives *proof*. The war has intensified her progressive spirit, uncovered tremendous capacities for production of all kinds, attracted new industries that want to stay. Perhaps the hand we've had in all this can be helpful to your bank. If so, we'll be glad to serve.

**The NATIONAL
BANK OF COMMERCE**

Gulf Building Houston

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Reserves for That Day

(CONTINUED FROM PAGE 24)
which is so definite that it is really no contingency.

Like the banking institutions with former employees in service, every business enterprise of any reasonable size has its representatives in the air, on the land, and on the sea. In addition to the added expense of handling the excess employee problem which applies to retailers and wholesalers as well as to manufacturers, the manufacturers will have the added expense of retooling to

produce products for peacetime use and converting to peacetime operations. In the case of a manufacturer of khaki cloth used to produce Army uniforms, the expense of converting looms to produce woolen cloth for men's wear will be moderate, but in the case of a manufacturer of airplane parts that must convert its entire plant to the manufacture of durable consumer goods, the cost may well run into hundreds of thousands of dollars.

That the problem is of great magni-

tude is clearly evident from the simple fact that American manufacturers today have the greatest orders which have ever been placed upon the books of any industrialized society for war equipment and supplies. The commercial banker is in an unusually favorable position to review this problem, which is coming closer day by day, in considerable detail with his customers as they sit down beside his desk to discuss their financial condition, the renewal of loans, or the possibility of obtaining new or increased lines of credit. If a concern is borrowing under a V-loan with a partial guarantee from the Army, the Navy, or the U. S. Maritime Commission, the problem is fully as important and significant as though the concern were borrowing its credit needs on its own straight unsecured paper. The only sound policy in industry and commerce is to prepare for tomorrow, prepare for every emergency, prepare for that day.

THE Federal Government can also help, and help in a very practical, realistic way. Reserves which are now being set aside to cover the payment of salaries and wages of excess employees and those in the armed forces as they return home, to cover possible inventory losses at the end of the war, and to cover retooling and reconversion expenses are not deductible charges for income tax purposes or for renegotiation purposes. Under the law such provisions are profits; they are not expenses and they are not allowable deductions.

A realistic approach to this vast problem was recently made by the Truman Committee. In its investigations, this

Nelson Rockefeller, Coordinator for Latin-American Affairs, tells the House Ways and Means Committee that reciprocal trade agreements form "a solid basis for confidence in our friendships" with the southern republics



PRESS ASSOCIATION
BANKING

GEARED TO WARTIME NEEDS

FULTON CORRESPONDENT SERVICE

FULTON NATIONAL
ATLANTA *Bank* GEORGIA

Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK
AND TRUST COMPANY of Chicago
208 SOUTH LA SALLE STREET

(Member Federal Deposit Insurance Corporation)

A Small Bank's Service Stripes

(CONTINUED FROM PAGE 25)

committee has learned the reasonableness and the soundness of a business policy which would anticipate unusual expenses, particularly where those expenses will assist directly and indirectly in maintaining employment during the transitional months of our economy. If such provisions should become allowable deductions for income tax purposes, and if a corporation should use all of such reserves for re-establishing itself as a producer of non-war goods, then according to an official but preliminary suggestion of the Truman Committee, no subsequent adjustment would be necessary. If any funds were left over, the residual amount, it has been suggested, should be taxed at the rate it would have been taxed, if the amount had not been allowed as a deduction. Here is official recognition, limited however, to a one base hit.

SEVERAL years of agitation were necessary to obtain statutory recognition in the Revenue Act of 1939 for the last-in, first-out method of inventory valuation. Perhaps the statutory recognition of allowing reasonable provisions for post-war expenses as an income tax deduction, may be obtained in a somewhat shorter period. The next move is up to the Senate Finance Committee. This problem is of widening significance; depending upon how it is handled, it will have a variable effect upon our bulge of unemployment beginning on *that* day, on the sales of manufacturers selling to war industries, and to all business enterprises seeking peacetime markets.

Rubber Administrator William M. Jeffers, right, shows Senator Willis of Indiana the nation's "first all-synthetic heavy duty truck tire," made with butadiene produced from alcohol manufactured at a plant at Institute, West Virginia



PRESS ASSOCIATION

of our boys in Africa, Guadalcanal, and other places, and realize how little we are giving and how little we are doing, and we try to do more.

Is the little country bank, the unit bank, going to be able to survive? It will if we receive a little more sympathy from our banking departments, the Federal Reserve System, and our Government at Washington. They can help us much by the elimination of all except the most important reports and requests for information, correspondence, and

not more than one examination a year, thus giving us more time to serve in other ways.

We have real war service stripes to show, and we believe 90 per cent of our country banks can show the same. Are we going to get less government competition, more cooperation, sympathetic understanding, and more humane treatment from those in authority? I believe that upon the answer will depend the survival of the country bank in the United States.

Dependable Assistance

As American banks face wartime problems of investment and operation, the need increases for dependable service from a New York correspondent.

Central Hanover cooperates year in and year out with banking institutions in all parts of the nation—219, for example, have been correspondents continuously for more than half a century.

CENTRAL
HANOVER BANK
AND TRUST COMPANY

NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Like the Air We Breathe

In a recent news release, the National Association of Manufacturers told the story of "the important part banking is taking in the nation's war effort." Believing that bankers will be interested in getting a layman's reaction to a job that is daily routine to them, we publish herewith excerpts from the release.

THIS is about a war front that's also a home front; about something that is so quietly close to us that,

like the air we breathe, we pay little attention to it, much less appreciate its importance and indispensability. It's a story that is both at home and abroad. . . .

Let's start at home, in Centerville. When Hitler struck in September 1939, Principal Ralph Brown of the local high school and Mrs. Brown were on their way home by way of Berlin, Paris, and Cherbourg from an educational powwow at Stockholm. With

hundreds of other Americans they were stranded in Paris when sailings were cancelled. When the opportunity suddenly came for them to obtain Clipper passage, Mr. Brown had no ready cash. He cabled his Centerville bank, and the money he needed was cabled back.

Shortly after, a good many boys in Centerville began to enlist. The Clark brothers, who had a stationery store and owned a little property, although a little older and more "settled," decided they wanted to go along with their buddies. It would have taken weeks, perhaps months, of careful liquidation to wind up their business and to square off their holdings, some of which were in joint ownership.

Though knowing little about trust matters, they instinctively turned to their bank. They dropped the whole business on the desk of a trust officer.

OUTSIDE of Centerville, a small machine tool factory had been going along in a modest way for a number of years. Overnight the need for the plant's products increased a hundredfold. That meant more space, more machines, more employees, and a whale of a supply of raw material. Like the stranded professor and the boys with the stationery store, the president of the company turned to the bank. A first loan was followed by others for larger amounts.

Bank credit put this and many other industries in and around Centerville "in the fight."

OPA Administrator Prentiss Brown testified before the Senate Agricultural Committee at the hearing on increased appropriations for incentive payments to farmers



WIDE WORLD
BANKING



Four wars ago

IN these critical days of our country's history, the 98th anniversary of this bank's founding is of small importance.

We observe it simply by recalling that this bank has seen America through four wars and through panics, depressions and dislocations of many kinds. Each time our country has emerged stronger than ever.

With unlimited faith that America's best days lie ahead, we begin our 99th year on May 17th.

THE NATIONAL CITY BANK OF CLEVELAND

Euclid at East Sixth



Terminal Tower Bldg.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Farmers around Centerville found themselves on the front line in the battle for food. They, like the industrialists, came to the bank for loans. It is due partly to this extension of credit that these farmers are getting more milk, meat, and poultry to the market during the present food crisis.

And that isn't all the Centerville Bank took on. Around it the local activity of the Victory Fund Committee and the increasingly successful War Savings Bond drives were organized and conducted. Then, when it became evident that the entire rationing process would be jeopardized and perhaps collapse unless new and effective means were devised to handle the accounting and clearing duties involved in the distribution of rationed commodities, the OPA called on the nation's commercial banks, of which the Centerville Bank is an example, to take over this work.

WHAT Professor Brown, the Clark brothers, and the Centerville industrialists and farmers did, so have the Army paymaster, the Treasury Department, the OPA, and other government departments done—they went to the bank, that quiet and efficiently functioning institution of private enterprise in the heart and at the heart of Centerville. Multiply the story of the Centerville Bank and the whole inside story opens up of what banking is doing to help win the war.

You find that the 15,000 banks on America's Main Streets, Broadways, and Sixth Avenues not only serve 75 million deposit accounts but, from the littlest to the biggest towns, are also holding families together during the war by taking care of fiduciary and trust funds.

You find the banks have become "family counselors" to industrial clients in connection with war orders and subcontracts.

In connection with offering their services for financing the expanded goals of agriculture, you find that the banks have organized and participated in about 2,000 town, county, and state meetings in the "Food-for-Freedom" program of the U. S. Department of Agriculture. Secretary Wickard has declared that "American bankers are among the most important supporting forces in the campaign."

Banks' agricultural loans other than those on farm land have more than doubled since 1936, and on January 1, 1942, insured commercial banks held more than two thirds of all non-real-

estate agricultural credit extended by banks and agricultural agencies.

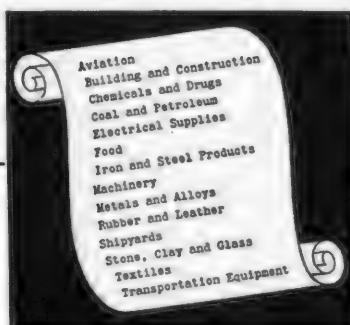
You find that over 300 Army and Navy posts, outside of cities where there is a Federal Reserve bank or branch, have been serviced by local banks—which handle company funds, mess funds, and other official accounts, as well as payroll cash.

You discover that the banks are serving their country as purchasers of government bonds vital to the prosecution of the war; banks have added not less than \$19.5 billion to their holdings of government issues since Pearl Harbor. Also they are furnishing personnel and machinery for selling these issues and War Savings Bonds to

the public. They had a force of 30,000 people—a super-sales staff—in the Victory Fund drive in December, and it was even bigger for the April Treasury drive.

With point rationing now in effect, the banks are taking on another big job—that of handling the accounting and clearing of specified rationed commodities for dealers. This is a stupendous new activity for the banks. It is still another evidence of the important part banking is playing in the nation's war effort.

Yes, the banking machinery of the nation, established in peacetime under the American Way of life, is serving the country well in war.



We have loaned . .
and are loaning
MILLIONS of DOLLARS
to speed the War Effort

and stand ready to extend the fullest cooperation to banks throughout the country in financing Government defense orders.

MANUFACTURERS TRUST COMPANY

PRINCIPAL OFFICE
55 BROAD STREET, NEW YORK
68 COMPLETE BANKING OFFICES IN GREATER NEW YORK



Member Federal Deposit Insurance Corporation

YOUR SPRING CLEAN-UP

Helps Prevent
Fire



The Phoenix

Insurance Company, Hartford, Conn.

1884

The Connecticut

The Insurance Company of Hartford, Conn.

1880

FORTABLE

Fire & Marine Insurance Company

PROVIDENCE, R.I.

1889

ATLANTIC FIRE INSURANCE CO.

Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.

Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.

White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.

Minneapolis, Minn.

ALLIANCE INS. CO. OF CANADA

Montreal, Canada



HARTFORD

30 Trinity Street

CHICAGO

Insurance Exchange

NEW YORK

110 William Street

SAN FRANCISCO

220 Montgomery Street



DIVIDEND

ARMOUR & COMPANY OF DELAWARE

On March 5, a quarterly dividend of one and three-fourths per cent (1 3/4%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable April 1, 1943, to stockholders of record on the books of the Company at the close of business March 16, 1943.

E. L. LALUMIER, Secretary

EXECUTIVE

with 18 years national finance company experience in all phases of accounts receivable, inventory and now war contract financing, is seeking a connection with a major bank interested in expanding its facilities to include such lending. Box R, BANKING, 22 E. 40th St., New York City

Ration Accounts

(CONTINUED FROM PAGE 28)

balance on the cards. In the "charges" column, on the bank ledger card only, the posting clerk notes in pencil the number of items involved in the credit so that at any time a total of the number of withdrawals, number of deposits, or number of items can be obtained in a very few minutes. This information is necessary for our own analysis and for the periodic reports to the OPA.

The daily proof sheet, as suggested by the OPA, is maintained by the clerk who checks the deposits and makes the postings, for the obvious reasons that the various items are fresh in her mind, and also the responsibility of keeping "in proof" is established. We run one proof daily, which may be unique to our own bank. It is referred to as the proof of old and new balances. By running a tape on an adding machine of the balances at the beginning of the day, less the balances at the end of the day (or vice versa if the balance has increased), we prove quickly to the day's totals of deposits and withdrawals of each commodity and are sure that all ledger cards and statements have been posted correctly and remain in proof with the control sheet.

PERHAPS a topical outline of the complete operation will be helpful:

(1) Accumulate all deposits and clearance checks in a designated place until regular work is done; (2) sort items by commodities and check each deposit for accuracy; (3) separate items from deposit tickets; (4) pull ledger and statement cards corresponding to deposit tickets; (5) machine post the work—the clerk also notes at this time the number of items in each deposit, as explained above; (6) prove deposits to ledger cards for each commodity; (7) post daily proof sheet; (8) pull cards for posting of checks received in clearance and in deposits for debits to accounts; (9) machine post these items; (10) prove all debit items to cards; (11) prepare transit letters; (12) file all cards back in ledger card trays.

Our central information files have played their part, too, in the efficient handling of these accounts. As each new account is opened a regular information slip is filled out and routed to the central files. It becomes routine, therefore, to obtain from this source the ration banking contacts as well as the regular banking contacts of any customer.

The OPA officials in charge of ration coupon banking have been particularly

cooperative in answering questions, and furnishing straightforward, practical interpretations of the regulations. In view of the helpful spirit which prevails, we have not hesitated to submit to OPA regional officials even the simplest of questions and have always received quick, definite and encouraging replies.

From our experience the daily volume of ration banking activity was small during the initial stages but has expanded very rapidly with the addition of processed foods, meats and fats, and shoes.

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NATIONAL
BANK

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(Reg. U. S. Pat. Off.)

St. Louis is an increasingly important industrial center. Use the facilities of St. Louis' largest bank when you need financial service in this area.

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350 Million.

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BANK
IN ST. LOUIS

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Insurance Corporation

In the Front Line

THE fight of our banking system "represents the front line trenches in the fight to preserve this nation against a socialistic state," said A. L. M. Wiggins, vice-president of the American Bankers Association, in his report as chairman of the Association's Committee on Federal Legislation, made to the recent meeting of the A.B.A. Executive Council in New York. "It has been the history of the nations of Europe, Germany and Italy and others," he asserted, "that the dictator's first move is to secure the control of the credit system of his nation. That control is secured in many ways but in this nation it has taken the form of so-called socialized credit. That is the spearhead of the attack of state socialism on democracy.

"The American Bankers Association occupies a critical position, a strategic place in that fight. The test of our courage—whether we are men or cowards—will come as that fight grows stronger and more bitter. We will be denounced from one end of this nation to the other as money grabbers and possibly again we will be put in the temple as Shylocks and money changers, but if we have the courage of men, we will recognize in this contest something that is more fundamental than the salvation of the chartered banking system, because the chartered banking system and private credit are the foundations upon which our entire system of private enterprise rests. If you destroy the private enterprise system in this country you destroy our entire system of democracy and representative government.

"So we are in the front line trenches and we will bear the bruises and suffer the pains and the disappointments and the criticisms that come to those who champion a worthy cause."

Know any of these American fliers in Tunisia? They're, *l. to r.*, Capt. L. M. Zimlich, Louisville; Lts. Roland Wooten, St. Stephens, S. C.; V. E. Baker, Media, Pa.; R. B. Chaddock, Ill., M. A. Hormats, Troy, N. Y.



PRESS ASSOCIATION

Your Bank Is a "Task Force" for VICTORY

A task force is a unit from one of our armed forces assigned to the accomplishment of a specific military task.

The achievement of Victory will be a difficult task. To its successful execution we must devote all our energies.

Your bank and our bank, working together as task forces for Victory, can make a definite contribution.

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St. Louis

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88 Years of Banking Experience



Statement as of March 31, 1943

RESOURCES		LIABILITIES	
Cash and Due from Banks	\$ 55,144,201.58	Capital Stock	\$ 4,550,000.00
U. S. Government Securities	97,840,950.69	Surplus	7,000,000.00
State, County and Municipal Securities	5,271,554.83	Undivided Profits	2,616,812.69
Other Securities	8,721,577.55	Reserve for Contingencies	1,154,363.06
Demand Loans	10,595,008.97	Accrued Taxes, Interest, etc.	329,944.47
Time Collateral Loans	8,709,160.39	Reserve for Dividend Payable April 1, 1943	113,750.00
Bills Discounted	14,342,168.02	Unearned Discount	120,764.53
Bank Buildings	3,199,318.27	Letters of Credit and Acceptances	3,456,987.67
Other Real Estate	295,963.44	DEPOSITS	188,861,118.13
Accrued Interest Receivable	540,114.35		\$208,203,740.55
Customers' Liability Under Letters of Credit and Acceptances	3,456,987.67		
Other Resources	86,734.79		
	\$208,203,740.55		

CORN EXCHANGE NATIONAL BANK and Trust Company PHILADELPHIA

Established 1858

Member Federal Deposit Insurance Corporation

North of the Border

FOLLOWING the example of Great Britain and the United States, Canada has produced a comprehensive social security plan, designed primarily for the post-war years. The Marsh Report, published recently by the Government's Advisory Committee on Reconstruction, follows the general lines of the British Beveridge Re-

port but was drafted independently. The underlying implication is the guarantee of a basic minimum income to all citizens, regardless of age, sex, occupation, or place of abode. For an individual the monthly minimum is \$30 and for a married couple \$45, plus allowances for children. Total cost of the scheme is estimated at \$1 billion,


half of which would be collected from employers and employees and half would be a charge on the tax revenues of the country. On the basis of the present national income—approximately \$8 billion—the annual cost would amount to 12½ per cent, a figure comparable to that in the revised plans of Great Britain and the United States. Advocates of total security point out that in 1943 Canada will spend almost five times this amount to prosecute the war.

PRINCIPAL suggestions made in the Marsh Report are: (1) Present benefits under unemployment insurance for workers with dependents should be increased to a figure 50 per cent above benefits for single persons. In the case of uninsured persons who are unemployed assistance at rates about 10 per cent under insurance benefits should be provided. (2) Free medical care for all citizens should be instituted with sickness and maternity allowances. (3) Allowances of \$8 to \$9 a month should be paid to every child regardless of family income. Current income tax exemptions for children would be abolished. (4) Workmen's compensation schemes now in force should be continued. (5) Present non-contributory old age pensions on the basis of need should be increased to \$30 a month and eligible ages lowered from 70 to 65 for men and to 60 for women. For persons young enough to make contributions new retirement pensions should be instituted, payable regardless of need at the same age levels and at a rate of \$30 a month for individuals and \$45 a month for married men. Permanent disability pensions at the same rates should be paid at earlier ages upon proof of unemployability. Survivors' pensions for widows should also be available. (6) Funeral grants of \$100 for adults, \$65 for juveniles, and \$25 for children should be made.

During the first year of rehabilitation after the war the Report proposes that the Government spend an additional billion dollars on works projects to facilitate restoration of the economy to a peacetime basis. Meanwhile a draft compulsory health insurance bill is under consideration which would provide for complete medical service for all. This is the first step towards the objectives outlined in the Marsh Report.

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DEPENDABLE INSURANCE SINCE 1863

BUY WAR BONDS FOR VICTORY

Ration Banking Kinks

(CONTINUED FROM PAGE 42)

Administration at a series of conferences and as a result of the committee's action and OPA cooperation, important changes were made in the operating procedure.

These included: (1) Elimination of the troublesome optional provision; (2) establishment of the mandatory cut-off line for retail food dealers. (The figure was set at \$2,500 a month food sales for the month of December or any month thereafter. No dealer whose monthly volume is below the \$2,500 mark is permitted to open a ration bank account. A similar move is promised for the shoe program.); (3) transfer of ration checks by endorsement was authorized; and (4) announcement by the OPA that it would establish a definite cut-off line for the small institutional users of rationed commodities and that a special book of ration stamps would be provided operators of establishments below the cut-off level so that they could conduct their business as usual. In the meantime until the book is printed and the cut-off line announced arrangements were made whereby the small institution and industrial users of rationed commodities could receive up to six certificates instead of one from their local boards.

These changes, according to experienced bank operators, will eliminate many undesirable and unnecessary accounts and with no hardship to the small merchant or the small operator. Too, they will simplify the operating

procedure and reduce the volume of ration banking business.

THE A.B.A. committee requested a reexamination of the reimbursement schedule. The OPA representatives agreed to this, saying they believed that banks should be adequately reimbursed for operating costs outside of overhead. It was recognized by all that any reimbursement schedule adopted

was not intended to provide a profit to the banks for this wartime service to the Government.

This move by the committee is in line with an agreement reached with the Office of Price Administration at the time the original reimbursement schedule was decided upon. It was understood that either the banks or the agency could request a reconsideration of reimbursement after a few months actual experience.

The committee will attempt to obtain accurate cost figures from a wide variety of representative banks throughout the country. Special attention will

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ASK THE
Shawmut

General Eisenhower has a chuckle with Major General Menguk of a Turkish Mission which recently visited Allied Headquarters in North Africa



PRESS ASSOCIATION

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To facilitate any transactions throughout the Central South is one of our primary functions. Prompt and effective service assured to correspondent banks in all parts of the country.



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**War headlines
prove the value
of good banking
contacts in Iowa,
center of U. S.
food-production.**

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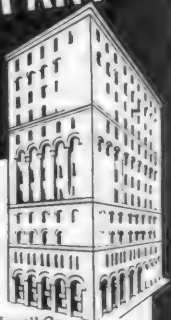
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be paid to the small bank. The results of this survey will be used as a basis for recommended changes in the present schedule. It is expected that the committee will seek a minimum quarterly fee as a part of the schedule, particularly for the benefit of the small banks.

The envelope problem is receiving the earnest attention of the committee and the representatives of the Office of Price Administration. No immediate practical solution has yet been evolved. The committee has taken the stand that any method devised must be practical and must impose no additional burden on the manpower of the banks, and, more important, it must preserve the integrity of banks' place in the ration banking program.

Relationships between the committee and the OPA, particularly Louis J. Kroeger, executive officer, Rationing Department, and his associates, Joseph A. Kershaw, and Stephen Casko, have been cordial and constructive. A special committee was named to act as a liaison between the A.B.A. committee and those in charge of ration banking in the OPA. This subcommittee visits Washington every week and through the cooperation of the two groups it is expected that operating procedure will be simplified and the banking process strengthened. An effort will be made to eliminate unnecessary memoranda and bulletins and to consolidate all material going to the banks so that new instructions or changes in methods may be announced periodically rather than issued indiscriminately.

Banks throughout the country are realizing more and more, according to reports received, the tremendously important part that ration banking is playing in the successful conduct of the war.

War Shipping Administrator Emory S. Land told the House Military Affairs Committee that 650,000 to 750,000 employees must be recruited for essential maritime work this year



HARRIS & EWING

They realize that through the accounting and bookkeeping controls and the clearing method provided by ration banking the entire rationing process is made possible. They recognize that in this way they are not only assuring adequate supplies of food to American troops, both at home and abroad, but are making it possible for the remaining supply of scarce commodities to be distributed equitably to every man, woman, and child in the country. Too, they know that by providing the machinery whereby consumers have the right to purchase rationed commodities wherever they please rather than be confined to one store as is the case in many other countries, they are preserving the "freedom of choice" and at the same time are helping maintain American business on a democratic basis consistent with the principles of free enterprise.

Liberty BOXES
are vital to War Plant efficiency

Liberty Boxes lend order to record storage in hundreds of war plants. The urgency of need among such plants may be measured by the high priority ratings we receive to insure preference in shipping.

As a necessity to safe, efficient and economical business conduct Liberty Boxes are still available to all — but — war plants come first. All other orders are shipped in the same order they are received, and frankly, there may be several weeks delay.

So, avoid possible disappointment by anticipating your needs now. Hedge by placing orders immediately. In this case it's smart business, and it will help ease the burden on transportation by leveling off midyear and year end seasonal shipping.

23 Standard Sizes for letters, checks, production records, etc. Write for complete details and FREE Manual of Record Storage Practice.

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NOT \$15—NOT \$12—not even \$3—but only \$1.50 a year for **BANKING'S MONTHLY NEWS LETTER** . . . a reliable digest for bankers and business executives. **BANKING**, 22 E. 40th St., New York, N. Y.

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This new manual tells you simply and directly *how* to make sounder mortgages, reduce mortgage losses, and improve your mortgage portfolio. It presents a practical, workable plan with a step-by-step explanation of the entire procedure from start to finish. The manual contains 144 pages of text, tables and charts, and five complete 8½" x 14" forms which are the heart of the plan. It must be seen and studied to be fully appreciated. For that reason we would like to send you a copy on approval. No obligation. No cost unless you decide to keep it. For your copy, write to Dr. Ernest Fisher, Director of Research in Mortgage and Real Estate Finance.

AMERICAN BANKERS ASSOCIATION
22 East 40th Street, New York, N. Y.

WAR-TIME TRAVELERS CAN'T LOSE THEIR MONEY



**IF THEY CARRY
AMERICAN
EXPRESS
TRAVELERS
CHEQUES**

A veritable army of travelers is on the move—visitors to army camps and naval bases, businessmen, inductees and uniformed men and women in the armed forces.

Banks are increasingly suggesting to their traveling clients the importance of changing their easily lost or stolen cash into safe American Express Travelers Cheques. Many of these people have never carried Travelers Cheques before. Others perhaps have not been educated to the use of Travelers Cheques. To these, as well as to the young men and women in our Army and Navy, it would be considered a friendly act of kindness to bring to their attention the important, protective features of Travelers Cheques.

AMERICAN EXPRESS TRAVELERS CHEQUES

Bankers in Burma

J. W. HYSLOP, manager of the Rangoon branch of Lloyds Bank, was responsible for arranging for the safety of the staff and the bank's records during the desperate days when columns of refugees were never very far ahead of the Japanese troops.

The first raid on Rangoon was on December 23, 1941, when casualties ran into the thousands. The bank staff, after placing records and cash in the strong room, dispersed according to plan. Several clerks returned home to find they had been bombed out, and at least one had lost his family.

Mr. HYSLOP reports that "although there was a raid every night, and a number of day attacks, a very high proportion of the bank's native staff stuck to their jobs despite lack of sleep, little or no food, the desertion of the city by their friends, and the soaring costs."

By the middle of February the situation in Rangoon was precarious. Singapore had fallen, and it was no longer possible for the banks to carry on normal business. Lloyds staff and records departed the night of February 20 and arrived in Mandalay, without food, 24 hours later. Most of the staff was forced to live in the train which had brought them from Rangoon, because of lack of accommodations.

After a frenzied search for such things as furniture and fittings, Lloyds reopened its Rangoon branch in Mandalay more than a week later, sharing a building and trestle tables with five other evacuated banks.

As a result of air raids, starting on April 3, the banks' staffs, about 450 people, left by steamer for Katha and from there it was hoped to transport them to India by plane. A smaller group of senior bank officials left in two convoys for Swebo, from where they were flown to Calcutta. They reached India safely.

The main party was less lucky. After nine days, filled with bombing experiences, they found their hopes of plane transport impractical, and, on May 3, what was left of the Lloyds' staff, set out on a 250 mile trek across the mountains to India.

Twenty-six days after the start, the party, consisting of 13 out of 18 who set out, arrived at Calcutta. They had crossed altitudes of more than 6,000 feet with little water and food.

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Banks at War



This jeep helped the Iowa-Des Moines National Bank and Trust Company promote the Second War Loan. It was quite a trick to get the machine into the building, and then to coax it up a flight of 27 steps to the banking room



The Baltimore National Bank recently featured this exhibit of U. S. Army weapons. Each piece bore a sign showing how many War Bonds are required to pay for it. The display was in connection with the Second War Loan campaign



OFFICIAL U. S. NAVY PHOTO

We've published numerous pictures of banking "facilities" in Army camps, and now, thanks to The Seaboard Citizens National Bank of Norfolk, Virginia, we're showing one for sailors. It's operated by the bank at the Naval Air Station Operating Base, at Norfolk, and was opened early in March

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. If all the hopes, protests and needs of business at this time could be rolled into a phrase, it would likely be a short prayer to simplify the wartime rules and keep them stable.

The effort being made to limit the questionnaires sent to industrial concerns, and in general reduce the exports of mimeographed paper from Washington, is a good step. In fact it might well be made the subject of a wall motto or laminated plaque to be hung on many an office wall in the Capital.

● **STILL TOO MUCH.** The bigger problem, however, is not so much questionnaires and the like as the huge volume of orders, instructions, regulations and amendments sent out in complete and constant detail, every word of which is supposed to have the full force of law.

Even the most alert business people cannot keep up with the changes. Anyone on the receiving end of government releases, or in the habit of reading newspapers carefully, is conscious of a feeling of futility at the apparent lack of any broad, long-term policies with respect to all of the questions that disturb business, such as rationing, production control, price control, civilian supply, manpower, war contracts and others.

It is one thing, of course, to cite the need for stable, dependable guiding programs in all these things, and quite another to determine them. But even the desire to have long-term guiding policies seems to be absent, as business knows from experience in recent years. It knows that day-to-day improvisation on vital questions affecting commerce and industry has been considered okay. This point of view prevailed even before the war with results that were disastrous then and the same kind of jumpy management of every detail of business is even more serious in time of war.

As almost everyone is aware, the amount of this regulatory information that finally reaches the people it is intended for is a very small part of the total. Therefore the problem is not only one of volume but percolation as well. There must be a vast limbo of unremembered instructions, orders, regulations, directions and amendments thereto.

● **WHO'S WHO AND HOW?** For this very reason it is necessary constantly to add new changes and little interpretations, a patch here and a patch there, until the picture becomes very confusing indeed.

A concomitant of this situation is the confusion caused by competition and conflicts between agencies, coupled with the familiar human desire to corral as much authority as possible. Anyone who has had dealings with the war-administering parts of the Government is familiar with the difficulty of finding somebody who will say yes. He can find plenty of individuals to say *no* and *maybe*, but there does not seem to be a sure way of

determining when you are talking with the boss or how long he will be able to carry out his decisions.

● **SMALL BUSINESS SMARTS.** A great deal has been said about the hardship that all this imposes on big business but small business finds it even harder to take. This is true particularly of small retail stores consisting of a proprietor and possibly one or two helpers.

They have no vice-president in charge of what have you, to whom they can refer LX-52 So-and-So as Amended. They must work it out themselves and carry on their businesses under difficult circumstances.

In the case of these small establishments, the cumulative effect on morale and public confidence is something to think about. Retail stores, for example, have become convenient centers for the exchange of neighborly grouching and complaints. Certainly anything that can be done to rationalize rationing, to simplify the whole process of price control, make it more palatable and enforceable, would strengthen public confidence in the conduct of the war.

In brief, it is probably the changing of the rules, more than the rules themselves, that cause most of the difficulty.

● **A BREATHING SPELL.** A good opportunity for simplifying and stabilizing may be near at hand because it looks as though the war production program is due for a short breather. Some reasons for a possible lull are these:

The production of certain war supplies is tending to outrun the induction of troops and the need for these supplies. While some plants might be permitted to reconvert to production for civilian use, there is more likelihood that they will simply slow down or suspend until the military demand reoccurs.

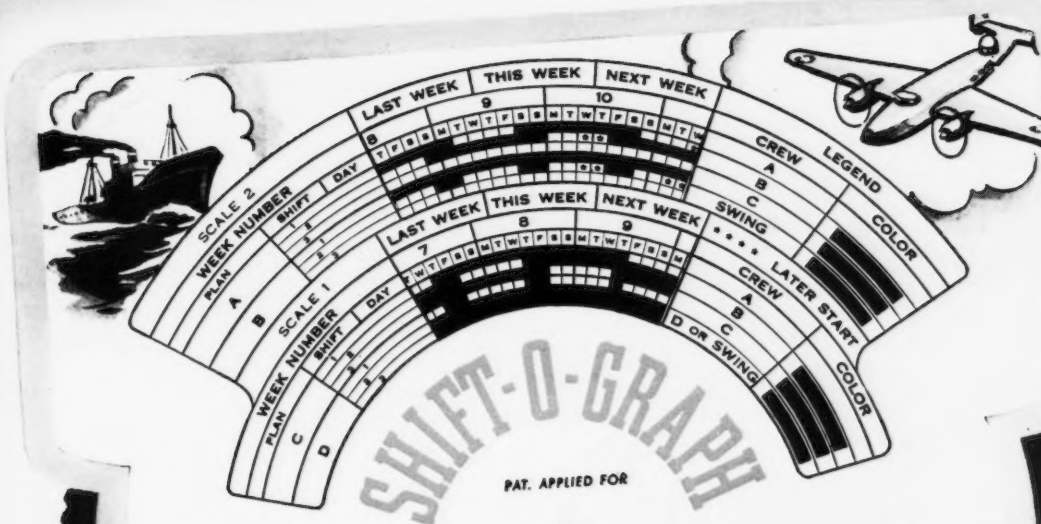
Another retarding factor is the dearth of shipping space for handling all the war production that we are now capable of delivering at the ports. Cargo planes are in the offing but it will probably be a little while before they can be a factor in handling volume.

Still another damper is the fact that retailers' stocks continue to decline and the number of rationed items to increase. There are reports, too, from many quarters of what amounts to a surfeit of demand. The first flush of extra money to spend and trying to buy everything in sight is being replaced by old-fashioned thriftiness and thoughts of the future. This trend is noted in enough different directions to make it important and a very healthy sign.

Finally, plant expansion for war production will slow down because of some of the reasons already mentioned, because of the tightening manpower market, and the prevailing uncertainty regarding the employment and reconversion problems of V-Day.

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as a Contribution to Our National War Effort

SEE REVERSE SIDE FOR INSTRUCTIONS

as a Contribution to the

SEE REVERSE SIDE FOR INSTRUCTIONS

WEEK NUMBERS FOR SCALE ONE SHOWN IN RED FIGURES

1943

WEEK NUMBERS FOR SCALE TWO SHOWN IN BLUE FIGURES

JANUARY							FEBRUARY							MARCH							APRIL							MAY							JUNE						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30	31					29	30	31					29	30	31					29	30	31					29	30	31				
JULY							AUGUST							SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30	31					29	30	31					29	30	31					29	30	31					29	30	31				

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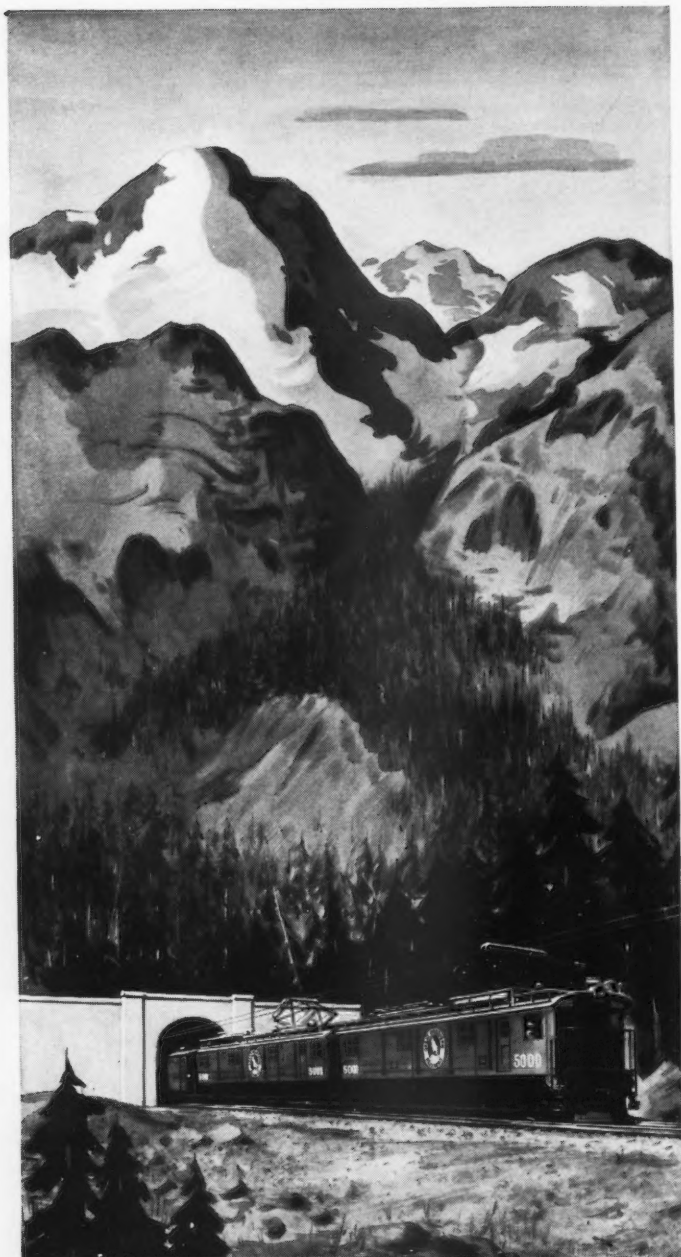
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